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Annual Securities Report

(Report filed pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

161st fiscal year
(From January 1, 2025 to December 31, 2025)

EBARA CORPORATION

(E01542)

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Independent Auditor's Report

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[Company name]	Kabushiki Kaisha Ebara Seisakusho
[Company name in English]	EBARA CORPORATION
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Part 1. Company Information

I. Overview of Company

1. Key Performance Indicators

(1) Consolidated Performance Indicators

Fiscal year	International Financial Reporting Standards				
	157th	158th	159th	160th	161st
Fiscal year-end	December 2021	December 2022	December 2023	December 2024	December 2025
Revenue (Millions of yen)	603,213	680,870	759,328	866,668	958,285
Profit before tax (Millions of yen)	60,302	69,481	84,733	99,852	110,977
Profit attributable to owners of parent (Millions of yen)	43,616	50,488	60,283	71,401	76,633
Comprehensive income attributable to owners of parent (Millions of yen)	52,529	66,019	68,391	85,919	82,287
Total equity attributable to owners of parent (Millions of yen)	312,310	359,966	409,875	473,277	508,875
Total assets (Millions of yen)	719,736	828,049	913,900	1,005,085	1,082,201
Equity attributable to owners of parent per share (Yen)	3,395.50	3,910.07	887.92	1,024.60	1,114.52
Basic earnings per share (Yen)	463.44	548.61	130.73	154.62	166.31
Diluted earnings per share (Yen)	462.09	547.34	130.51	154.43	166.15
Ratio of equity attributable to owners of parent (%)	43.4	43.5	44.8	47.1	47.0
Return on equity attributable to owners of parent (%)	14.5	15.0	15.7	16.2	15.6
Price-earnings ratio (Times)	13.8	8.6	12.8	15.9	22.2
Cash flows from operating activities (Millions of yen)	72,858	37,070	70,012	100,940	40,755
Cash flows from investing activities (Millions of yen)	(31,361)	(38,324)	(35,625)	(48,554)	(91,232)
Cash flows from financing activities (Millions of yen)	(29,489)	(23,749)	(4,658)	(31,915)	16,836
Cash and cash equivalents at end of period (Millions of yen)	136,488	116,137	148,059	171,031	143,485
Number of employees (Persons)	18,372	19,095	19,629	20,510	21,148

Notes: 1. EBARA CORPORATION (hereinafter “the Company”) has prepared its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) since the 157th fiscal year.

2. The number of employees shown is the number of workers.

3. The Company conducted a 5-for-1 stock split of its common stock with an effective date of July 1, 2024. Equity attributable to owners of parent per share, basic earnings per share, and diluted earnings per share are calculated on the assumption that the stock split was executed at the beginning of the 159th fiscal year.

Fiscal year		Japanese GAAP
		157th
Fiscal year-end		December 2021
Net sales	(Millions of yen)	603,213
Ordinary income	(Millions of yen)	58,318
Profit attributable to owners of parent	(Millions of yen)	42,576
Comprehensive income	(Millions of yen)	53,882
Net assets	(Millions of yen)	326,119
Total assets	(Millions of yen)	700,985
Net assets per share	(Yen)	3,438.27
Net income per share	(Yen)	452.39
Diluted net income per share	(Yen)	451.07
Equity ratio	(%)	45.1
Return on equity	(%)	13.9
Price-earnings ratio	(Times)	14.1
Cash flows from operating activities	(Millions of yen)	68,549
Cash flows from investing activities	(Millions of yen)	(31,754)
Cash flows from financing activities	(Millions of yen)	(25,179)
Cash and cash equivalents at end of period	(Millions of yen)	136,488
Number of employees	(Persons)	18,372

Notes: 1. Figures for the 157th fiscal year have not undergone audits pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

2. The number of employees shown is the number of workers.

2. History

Month and year	History
November 1912	Inokuty Type Machinery Office was founded. Issey Hatakeyama was appointed general manager under the supervision of Dr. Ariya Inokuty, a professor of Tokyo Imperial University.
May 1920	EBARA CORPORATION was established. A plant was constructed in Shinagawa-cho, Ebara-gun, Tokyo to take over the business of the Inokuty Type Machinery Office and manufacture centrifugal pumps.
April 1938	A new plant was built in Haneda, Kamata-ku, Tokyo. The Head Office and manufacturing operations were relocated from Shinagawa to the new facility in Haneda.
December 1941	A new plant was built in Kawasaki.
April 1945	Production was transferred from the Haneda Plant to the Kawasaki Plant due to war damage.
May 1949	EBARA was listed on the First Section of the Tokyo Stock Exchange and the Osaka Stock Exchange (delisted from the Osaka Stock Exchange in November 2004).
January 1955	The Haneda Plant was reopened to spearhead the Company's manufacturing operations.
January 1956	Ebara-Infilco Co., Ltd. was set up to manufacture and sell water treatment equipment.
August 1959	EBARA was listed on the Niigata Stock Exchange (delisted in March 2000).
April 1964	EBARA's first post-War overseas sales office was opened in Thailand.
June 1964	Ebara Service Co., Ltd., was established to provide after-sales service for EBARA's products.
May 1965	The Fujisawa Plant was opened as the first facility in Japan to mass-produce standard pumps, and it took over the production of chillers from the Haneda Plant.
November 1968	EBARA was listed on the Sapporo Stock Exchange (delisted in September 2013).
January 1975	EBARA's first post-War overseas production facility, Ebara Industrias Mecanicas e Comercio Ltda.(currently EBARA BOMBAS AMÉRICA DO SUL LTDA.) was established in Brazil.
November 1975	The Sodegaura Plant was opened to manufacture mainly compressors and turbines.
December 1979	PT. Ebara Indonesia was established in Indonesia to manufacture standard pumps in Southeast Asia.
January 1981	Ebara International Corporation (currently EBARA PUMPS AMERICAS CORPORATION) was established in the United States as North American base for the pumps business.
July 1987	A precision machining facility was opened at the Fujisawa Plant dedicated to the production of vacuum equipment for the semiconductor industry.
January 1989	Ebara Italia S.p.A. (currently Ebara Pumps Europe S.p.A.) was established to manufacture stainless steel standard pumps.
August 1992	EBARA QINGDAO CO., LTD. was founded in China to serve as a base for boiler production.
October 1994	Ebara-Infilco Co., Ltd. was merged into the Company.
April 2000	The sales division for general fluid machinery & systems was integrated into Ebara Service Co., Ltd., which changed its name to Ebara Techno-serve Co., Ltd. to combine sales and maintenance services.
April 2000	Elliott Company (in the U.S.), a leading company in the compressors and turbines business, became a wholly-owned subsidiary.
June 2001	Ebara Kyushu Co., Ltd., established in Kumamoto Prefecture for producing CMP and other equipment, went into full operation.
April 2002	The compressors and turbines business was spin off into a separate company, Elliott Ebara Turbomachinery Corporation in Chiba Prefecture.
September 2002	The chillers business was spin off into a separate company, Ebara Refrigeration Equipment & Systems Co., Ltd.
May 2003	Ebara Great Pumps Co., Ltd. was established to manufacture and sell API pumps in China.
April 2005	An in-house company system was introduced with a corporate structure comprising a Corporate Sector for headquarters functions and three companies: Fluid Machinery & Systems, Environmental Engineering, and Precision Machinery.
August 2005	Ebara Boshan Pumps Co., Ltd. (currently EBARA MACHINERY ZIBO CO., LTD.) was established in China to manufacture and sell large-scale, high-pressure pumps in China.
May 2006	Ebara Machinery (China) Co., Ltd. was formed as the manufacturing, sales, and service center for standard pumps in China.
April 2009	EBARA integrated its water treatment plant business into Ebara Engineering Service Co., Ltd. (currently Swing Corporation).
October 2009	EBARA integrated its waste treatment plant business into EBARA Environmental Plant Co., Ltd.
January 2010	The Futtsu Plant was newly established in Chiba Prefecture to absorb the functions of the Haneda Plant.
March 2010	EBARA, Mitsubishi Corporation, and JGC Corporation started a joint venture as a general water business company, Ebara Engineering Service Co., Ltd.
October 2010	Ebara Kyushu Co., Ltd. was merged into the Company.
April 2012	In a realignment of the pumps business, Ebara Techno-serve Co., Ltd., Ebara Yoshikura Hydro-Tech Co., Ltd., and Ebara Environmental Technologies Hokkaido Co., Ltd. were merged into the Company.
March 2014	Ebara Pumps Middle East FZE was established in the United Arab Emirates to serve as a sales and service base for pumps in the Middle East.
June 2015	EBARA transitioned to a Company with Three Board Committees.

Month and year	History
August 2015	EBARA acquired PT. Turbindo Chikara Surya (currently PT. Ebara Turbomachinery Services Indonesia), an Indonesian company that provides maintenance services for rotating machinery.
December 2015	EBARA acquired a Brazilian pumps manufacturer, Thebe Bombas Hidráulicas S.A., which was dissolved through an absorption-type merger with EBARA BOMBAS AMÉRICA DO SUL LTDA. as the surviving company.
November 2016	The construction of a semiconductor manufacturing plant and a maintenance service factory for dry vacuum pumps in the Kumamoto District was completed.
May 2020	Ebara Pumps Mexico, S.A. de C.V. was established in Mexico to serve as a sales and service base for pumps in North and Central America.
April 2021	EBARA acquired Cigli Su Teknolojileri A.S. the parent company of Vansan Makina Sanayi ve Ticaret A.S., a Turkish pump manufacturer, and Vansan Makina Montaj ve Pazarlama A.S.
April 2022	EBARA transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market.
September 2022	EBARA acquired Hayward Gordon Holdings, L.P., which owns six industrial pump and mixer manufacturers in Canada and the United States.
January 2023	Following the transition to a major market-based organization, EBARA adopted a five-company system consisting of Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery.
August 2023	EBARA (CHINA) CO., LTD. was established as a regional headquarters in China.

3. Description of Business

The EBARA Group (the “Group”) consists of EBARA CORPORATION (the “Company”), 108 subsidiaries (all of which are consolidated subsidiaries), three associates, and one jointly controlled entity.

Centered on the Company, the Group is primarily engaged in manufacturing, sales, construction, maintenance, services, and others in each of the five businesses. The main business lines of the Company, the functions and responsibilities of the Company, its major consolidated subsidiaries, associates, and jointly controlled entity are as follows. These business segments are the same as those listed in “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, 6. Operating segments.”

Business segment	Major markets	Main products	Functions and division of responsibilities	The Company, its major consolidated subsidiaries, associates, and jointly controlled entity
Building Service & Industrial	Building and industry equipment	Standard pumps (surface pumps, submersible pumps, and booster pumps), freezer chillers, blowers, and fans	Manufacture, sales, and maintenance	The Company EBARA FAN & BLOWER CO., LTD. EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD EBARA BOMBAS AMÉRICA DO SUL LTDA. Ebara Pumps Europe S.p.A. EBARA PUMPS IBERIA, S.A. EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD. Ebara Engineering Singapore Pte. Ltd. Vansan Makina Sanayi ve Ticaret A.S. EBARA HG Holdings Inc. EBARA PUMPS AMERICAS CORPORATION Ebara Machinery (China) Co., Ltd.
Energy	Oil and gas Power facility New energy	Custom pumps, compressors and turbines, cryopumps, and expanders	Manufacture, sales, and maintenance	The Company Elliott Ebara Turbomachinery Corporation EBARA GREAT PUMPS CO., LTD. Elliott Company Elliott Ebara Singapore Pte. Ltd. EBARA MACHINERY ZIBO CO., LTD.
Infrastructure	Water infrastructure	Custom pumps (agricultural pumps, drainage pumps, water and sewerage pumps), and fans for tunnels	Manufacture, sales, operation, and maintenance	The Company EBARA DENSAN LTD.

Business segment	Major markets	Main products	Functions and division of responsibilities	The Company, its major consolidated subsidiaries, associates, and jointly controlled entity
Environmental Solutions	Solid waste treatment	Municipal waste processing plants, industrial waste incineration plants, water treatments plants, and others	Engineering and construction	Ebara Environmental Plant Co., Ltd. Ebara Environmental Engineering (China) Co., Ltd Swing Corporation (Note 1)
			Operation and maintenance	Ebara Environmental Plant Co., Ltd. Swing Corporation (Note 1)
			Manufacture and sale of chemicals	Swing Corporation (Note 1)
Precision Machinery	Semiconductor manufacturing	Dry vacuum pumps, CMP equipment, plating equipment, and exhaust-gas treatment equipment	Manufacture and sales	The Company
			Sales and maintenance	EBARA FIELD TECH. CORPORATION Ebara Technologies Inc. Shanghai Ebara Precision Machinery Co., Ltd. Ebara Precision Machinery Korea Inc. Ebara Precision Machinery Taiwan Incorporated Ebara Precision Machinery Europe GmbH
Others		–	Regional headquarters, etc.	EBARA (CHINA) CO., LTD.

Note: 1. Swing Corporation is a jointly controlled entity accounted for using the equity method.

4. Subsidiaries and Associates

Name	Address	Share capital or investments in capital (Millions of yen)	Business description	Percentage of the Company's voting rights (%)	Description of relationship
(Consolidated subsidiaries)					
EBARA FAN & BLOWER CO., LTD.	Suzuka-shi, Mie	445	Building Service & Industrial	100.0	<ul style="list-style-type: none"> • Sells blowers and related equipment to the Company • Rents factories and buildings of the Company • Borrows funds from the Company
EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD.	Ota-ku, Tokyo	450	Building Service & Industrial	100.0	<ul style="list-style-type: none"> • Sells chillers, cooling towers, and related equipment to the Company • Rents land and factories, and buildings of the Company • Borrows funds from the Company
Elliott Ebara Turbomachinery Corporation	Sodegaura-shi, Chiba	450	Energy	100.0 (100.0)	<ul style="list-style-type: none"> • Buys pumps from the Company • Sells compressors, turbines, etc. to the Company • Rents factories and buildings of the Company • Lends funds to the Company
EBARA DENSAN LTD.	Ota-ku, Tokyo	450	Infrastructure	100.0	<ul style="list-style-type: none"> • One officer concurrently serves as an officer of the Company • Sells electric machinery and apparatus to the Company • Rents land and buildings of the Company • Borrows funds from the Company
Ebara Environmental Plant Co., Ltd.	Ota-ku, Tokyo	5,812	Environmental Solutions	100.0	<ul style="list-style-type: none"> • One officer concurrently serves as an officer of the Company • Buys pumps from the Company • Buys pump parts and components from the Company • The Company procures part of the electricity used at its factories • Rents land and buildings of the Company • Lends funds to the Company
EBARA FIELD TECH. CORPORATION	Ota-ku, Tokyo	475	Precision Machinery	100.0	<ul style="list-style-type: none"> • Three officers concurrently serve as an officer of the Company • Sells component devices and semiconductor manufacturing equipment of the Company and offers after-sales service for such products • Rents land and factories, and buildings of the Company • Lends funds to the Company
EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD.	Shandong, China	Thousands of Chinese yuan 136,089	Building Service & Industrial	100.0 (100.0)	<ul style="list-style-type: none"> • Buys pumps and related equipment from the Company
EBARA BOMBAS AMÉRICA DO SUL LTDA.	Sao Paulo, Brazil	Thousands of Brazilian real 99,106	Building Service & Industrial	100.0 (0.01)	<ul style="list-style-type: none"> • Buys pumps and related equipment from the Company • Borrows funds from the Company
Ebara Pumps Europe S.p.A.	Trento, Italy	Thousands of Euro 22,400	Building Service & Industrial	100.0	<ul style="list-style-type: none"> • Buys pump parts and components from the Company • Sells pumps to the Company • Borrows funds from the Company • Has its debts guaranteed by the Company
EBARA PUMPS IBERIA, S.A.	Madrid, Spain	Thousands of Euro 1,839	Building Service & Industrial	98.4	<ul style="list-style-type: none"> • Buys pumps from the Company • Lends funds to the Company
Ebara Engineering Singapore Pte. Ltd.	Singapore	Thousands of Singapore dollars 6,625	Building Service & Industrial, Precision Machinery	100.0	<ul style="list-style-type: none"> • Buys pumps from the Company • Sells component devices and semiconductor manufacturing equipment of the Company and offers after-sales service for such products • Borrows funds from the Company

Name	Address	Share capital or investments in capital (Millions of yen)	Business description	Percentage of the Company's voting rights (%)	Description of relationship
Ebara Machinery (China) Co., Ltd.	Beijing, China	Thousands of U.S. dollars 41,182	Building Service & Industrial	100.0 (100.0)	<ul style="list-style-type: none"> Sells pumps to the Company Buys pumps from the Company
Vansan Makina Sanayi ve Ticaret A.S.	Izmir, Turkey	Thousands of Turkish lira 5,350	Building Service & Industrial	100.0 (100.0)	<ul style="list-style-type: none"> One officer concurrently serves as an officer of the Company
EBARA HG Holdings Inc.	Delaware, U.S.A.	U.S. dollars 50	Building Service & Industrial	100.0	<ul style="list-style-type: none"> Buys pumps from the Company
EBARA PUMPS AMERICAS CORPORATION	South Carolina, U.S.A.	U.S. dollars 40	Buildings Service & Industrial	100.0 (100.0)	<ul style="list-style-type: none"> Sells pumps to the Company Buys pumps from the Company Buys pump parts and components from the Company
EBARA GREAT PUMPS CO., LTD.	Zhejiang, China	Thousands of U.S. dollars 11,000	Energy	51.0 (51.0)	<ul style="list-style-type: none"> One officer concurrently serves as an officer of the Company Buys pumps from the Company Sells pump parts and components to the Company Buys pump parts and components from the Company
Elliott Company (Note 4)	Pennsylvania, U.S.A.	Thousands of U.S. dollars 1	Energy	100.0 (100.0)	<ul style="list-style-type: none"> One officer concurrently serve as an officer of the Company Sells compressors and turbines to the Company Borrows funds from the Company Has its debts guaranteed by the Company
Elliott Ebara Singapore Pte. Ltd.	Singapore	Thousands of Singapore dollars 340	Energy	100.0 (100.0)	<ul style="list-style-type: none"> Buys pump parts and components from the Company
EBARA MACHINERY ZIBO CO., LTD.	Shandong, China	Thousands of Chinese yuan 283,598	Energy	100.0 (100.0)	<ul style="list-style-type: none"> Sells pump parts and components to the Company Buys pump parts and components from the Company
Ebara Environmental Engineering (China) Co., Ltd	Shandong, China	7,965	Environmental Solutions	100.0 (100.0)	
Ebara Precision Machinery Europe GmbH	Hessen, Germany	Thousands of Euro 11,145	Precision Machinery	100.0	<ul style="list-style-type: none"> Sells component devices and semiconductor manufacturing equipment of the Company and offers after-sales service for such products Lends funds to the Company Borrows funds from the Company
Ebara Precision Machinery Korea Inc.	Pyeongtaek, South Korea	Millions of Won 5,410	Precision Machinery	100.0	<ul style="list-style-type: none"> One officer concurrently serves as an officer of the Company Sells component devices and semiconductor manufacturing equipment of the Company, offers after-sales service for such products, and manufactures components Borrows funds from the Company
Ebara Precision Machinery Taiwan Incorporated	Taipei, Taiwan	Thousands of New Taiwan dollars 330,000	Precision Machinery	100.0	<ul style="list-style-type: none"> One officer concurrently serves as an officer of the Company Sells component devices and semiconductor manufacturing equipment of the Company, offers after-sales service for such products, and manufactures components Borrows funds from the Company
Shanghai Ebara Precision Machinery Co., Ltd.	Shanghai, China	495	Precision Machinery	100.0 (100.0)	<ul style="list-style-type: none"> Sells component devices and semiconductor manufacturing equipment of the Company and offers after-sales service for such products

Name	Address	Share capital or investments in capital (Millions of yen)	Business description	Percentage of the Company's voting rights (%)	Description of relationship
Ebara Technologies Inc.	California, U.S.A.	Thousands of U.S. dollars 44,560	Precision Machinery	100.0 (100.0)	<ul style="list-style-type: none"> • One officer concurrently serves as an officer of the Company • Sells component devices and semiconductor manufacturing equipment of the Company, offers after-sales service for such products, and manufactures components
EBARA (CHINA) CO., LTD. (Note 3)	Beijing, China	Thousands of Chinese yuan 918,333	Other	100.0	<ul style="list-style-type: none"> • Five officers concurrently serve as an officer of the Company • Lends funds to the Company
82 other companies					

Name	Address	Share capital or investments in capital (Millions of yen)	Business description	Percentage of the Company's voting rights (%)	Description of relationship
(A jointly controlled entity accounted for using the equity method) Swing Corporation	Minato-ku, Tokyo	5,500	Environmental Solutions	33.3	<ul style="list-style-type: none"> • One officer concurrently serves as an officer of the Company • Buys pumps from the Company • Buys pump parts and components from the Company • Sells chemicals to the Company • Rents land and buildings of the Company

- Notes:
1. "Business Description" shows the names of segments.
 2. The figures in parentheses for the "Percentage of the Company's voting rights" are the percentages of the voting rights that the Company holds indirectly.
 3. Recognized as a Specified Subsidiary.
 4. Elliott Company generates more than 10% of consolidated revenue (excluding inter-company revenue). The principal profit and loss information, etc. of the company prepared in accordance with IFRS Accounting Standards is as follows:

Revenue (including inter-company revenue)	130,438 million yen
Profit before tax	9,382 million yen
Profit	5,487 million yen
Total equity	46,066 million yen
Total assets	129,096 million yen

Instead of non-consolidated figures, the main profit and loss information, etc. of Elliott Company states the consolidated figures that include the results of its subsidiaries.

5. Employees

(1) Information about the Group

As of December 31, 2025

Segment	Number of employees
Reportable segments	
Building Service & Industrial	7,654
Energy	3,585
Infrastructure	1,581
Environmental Solutions	2,830
Precision Machinery	4,000
Total of reportable segments	19,650
Corporate departments and others	1,498
Total	21,148

Note: The number of employees shown is the number of workers.

(2) Information about the Reporting Company

As of December 31, 2025

Number of employees	Average age (years old)	Average length of service (years)	Average annual salary (yen)
5,489	43.1	14.4	9,801,912

Segment	Number of employees
Reportable segments	
Building Service & Industrial	1,573
Energy	-
Infrastructure	944
Environmental Solutions	11
Precision Machinery	1,630
Total of reportable segments	4,158
Corporate departments and others	1,331
Total	5,489

Notes: 1. The number of employees shown is the number of workers.

2. Average annual salary includes bonuses and extra wages.

(3) Information about Labor Union

The reporting company and consolidated subsidiaries in Japan have the following labor unions. There is no other information for special attention between the Company and those labor unions.

Company name	Labor union	Number of members	Superior labor union
Ebara Corporation	Ebara Joint Labor Union	3,790	None
Elliott Ebara Turbomachinery Corporation	Ebara Joint Labor Union	256	None
EBARA FAN & BLOWER CO., LTD.	Ebara Fan & Blower Labor Union	180	None
EBARA FIELD TECH. CORPORATION	Ebara Field Tech. Labor Union	174	None

Note: In addition to the above, some employees of our overseas consolidated subsidiaries belong directly to external labor unions, such as industrial unions. There is no information to note on matters between the Company and those labor unions.

(4) Ratio of Female Managers, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap

Company name	Ratio of female managers (%)	Ratio of male employees taking childcare leave (%)	Gender wage gap of employees (%) (Women's wages as a percentage of men's wages)		
			Regular employees	Permanent employees	Non-permanent employees
Ebara Corporation	8.6	100.0	80.4	81.3	57.8
EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD.	3.5	100.0	65.3	70.6	69.1
EBARA DENSAN LTD.	2.8	100.0	82.5	78.6	73.4
EBARA FAN & BLOWER CO., LTD.	0.0	100.0	86.4	86.4	75.6
Elliott Ebara Turbomachinery Corporation	8.0	100.0	79.4	80.8	88.9
Ebara Environmental Plant Co., Ltd.	3.5	95.8	77.5	118.2	66.2
EBARA FIELD TECH. CORPORATION	3.3	100.0	72.9	73.0	46.9

- Notes:
- Covers the reporting company and its domestic subsidiaries with at least 101 regular employees, not including employees seconded outside the Company but including employees seconded from outside the Company.
 - The ratio of female managers is calculated as of December 31, 2025 in accordance with the provisions in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). "Manager" refers to a person in a managerial position or above with subordinates working under them, or a person who holds an equivalent position even if they do not have any subordinates.
 - The ratio of male employees taking childcare leave represents the percentage of male employees that have taken childcare leave or have taken leave for the purpose of childcare from January 1, 2025 to December 31, 2025 pursuant to Article 71-6, Item 2 of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions in the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 - The gender wage gap of employees shows women's wages as a percentage of men's wages from January 1, 2025 to December 31, 2025 in accordance with the provisions in the Act on the Promotion of Women's Active Engagement in Professional Life.

<Supplementary information regarding the above figures>

- Ratio of female managers

We have set a target for the ratio of female managers at the Company of 8% or more by 2025 as one of the non-financial targets in the Group's medium-term management plan, E-Plan 2025. The current figures are based on the fact that the overall ratio of female workers is low in the first place, and we recognize that in order to increase the ratio of female managers, it is necessary to further promote career

support and training from the perspective of diversity, equity, and inclusion (DE&I) in the career development of female workers. In 2023, we revised our promotion examination system (shortening the timeframe to being promoted to a managerial position, enabling nominated examinations), and established a system to help employees take on challenges without being impacted by life events such as childbirth and childcare. As a result of these initiatives, the ratio of female managers at EBARA Corporation has steadily increased year by year, rising from 6.5% in 2022 to 7.2% in 2023 and 7.5% in 2024. In 2025, it exceeded the target, reaching 8.6%. We will promote to put systems in place that enable female employees to plan their medium- to long-term careers by providing learning opportunities, age-based training, etc., and to review structures that hinder new challenges, thereby fostering a corporate culture and environment across the entire Group where all employees, regardless of gender, can build their careers.

- Ratio of male employees taking childcare leave

In 2025, we achieved the target of 100% for the ratio of male employees taking childcare leave, a non-financial target in the Group's medium-term management plan, E-Plan 2025. In the fiscal year under review, based on our announcement that "all eligible male employees were using up childcare leave," we implemented measures including sending messages from Executive Officers encouraging the uptake of childcare leave and expanding the childcare leave system. Furthermore, we held training sessions on male employees taking childcare leave for managers and thoroughly followed up on individual uptake through one-on-one interviews. These efforts to foster a culture where anyone can easily take childcare leave resulted in this achievement. We will continue these initiatives going forward.

- Gender wage gap of employees

Permanent employees: We have introduced a role grading system. Accordingly, in principle, there is no wage gap within the same role grade. On the other hand, although the ratio of female managers is on the rise, it remains low. In addition to this, differences in the distribution of male and female employees by grade have contributed to a wage gap between male and female.

Non-permanent employees: A high proportion of part-time employees are women, while a high proportion of contract employees are men, resulting in a wage gap between male and female.

In terms of initiatives going forward, we will strive to eliminate the gender wage gap by implementing measures to create an environment in which women can play an active role throughout their entire careers without being hindered by life events.

II. Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed

This document contains forward-looking statements, which are based on the Group's estimates and assumptions made as of the filing date of this Securities Report.

(1) Management Policy

(i) Introduction

The Group believes that consistently maintaining a long-term perspective of approximately 10 years is essential to ensure sustainable growth. With five years remaining in the target period of the long-term vision "E-Vision 2030," formulated in 2020, we have formulated a new long-term vision, "E-Vision 2035," which reflects the internal and external changes that have emerged since the establishment of "E-Vision 2030" into our new 10-year vision.

(ii) Progress and Issues of E-Vision 2030

Progress on E-Vision 2030 is advancing steadily in both delivering social and environmental value and creating economic value. Initiatives aimed at solving materiality issues, such as "Deliver water to 600 million people worldwide," "Reduce greenhouse gas (GHG) emissions equivalent to approximately 100 million tons of CO₂" and "Challenge of 14Å (angstrom)," have made solid progress. Progress toward economic value targets, such as revenue of 1 trillion yen or more and return on invested capital (ROIC) of 10% or more, is also advancing at levels exceeding expectations.

On the other hand, regarding existing businesses, while we have achieved certain results through various initiatives aimed at shifting toward becoming a "solution provider," there remain issues to address going forward. For new businesses, seeds have been sown by hydrogen-related business projects and the new business development division, and new business opportunities are sprouting. To realize these, we must harvest them starting in 2025 and beyond. Regarding our management foundation, each corporate function has established a foundation for crossing functional axes horizontally across the companies by target market through the introduction of the CxO system. The challenge is to link these initiatives that cut across functions to enhancing the Group's value. Given this situation, we have recognized the need to evolve the value creation story defined in E-Vision 2030 into one with higher resolution and more EBARA Way.

(iii) Value Creation Story and Slogan "Essential EBARA. Everywhere"

Considering the Group's position where we can directly contribute to solving "sustainability" through our core business from the perspective of business domains and core technologies, we have redefined the "Value Creation Story" as follows to enhance the specificity and resolution of the "Value Creation Process" we aim to achieve.

The graphic consists of a blue-bordered box with a white background. At the top, a dark blue arrow-shaped banner points to the right and contains the text "Value Creation Story" in white. Below this, the text reads: "To date, we have supported lives around the world by addressing the challenges of each era in fields essential to daily life, including water, air, energy, waste treatment, resource circulation, flood control, irrigation, and semiconductors". This is followed by a bold blue statement: "We will continue to take on challenges in every corner of the world through 'passion and dedication to our customers' and 'flow technologies that give form to ideas,' elements of the EBARA Way that we have continued to refine since our founding". Below this, in a smaller font, it says: "Remaining a company indispensable to the world, we will continue to deliver new value in pursuit of the sustainability our planet demands". At the bottom, another dark blue arrow-shaped banner points to the right and contains the text "Slogan" in white. Below this banner, the slogan "Essential EBARA. Everywhere." is written in a large, bold, blue font.

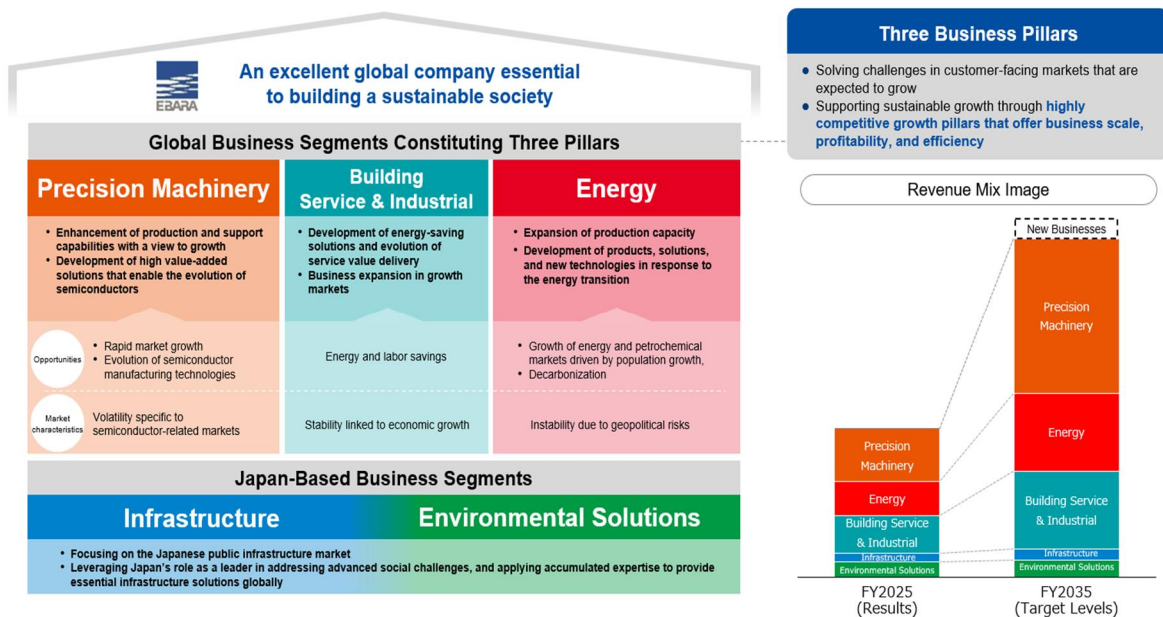
(2) Our Vision for 2035

(i) Our Vision for 2035 and the Business Portfolio to Achieve It

Our vision for 2035 is to become an excellent global company essential to building a sustainable society.

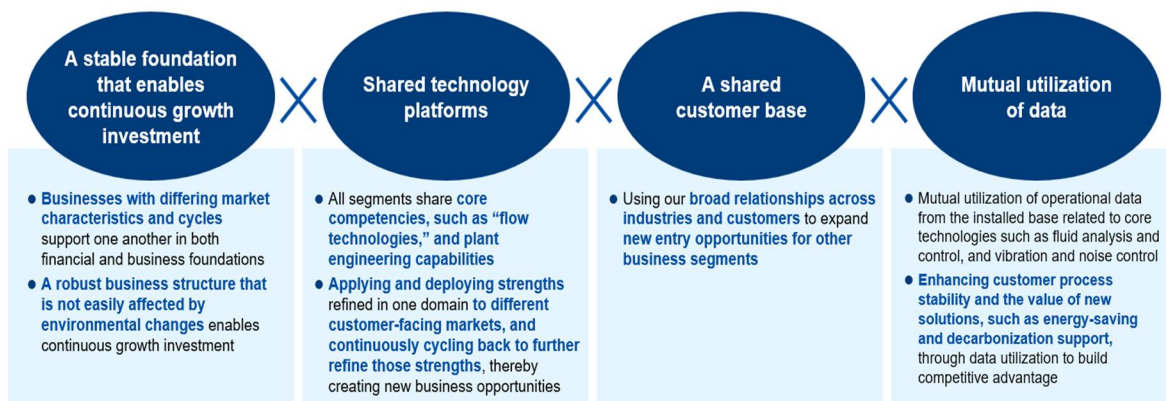
In the business portfolio to achieve our vision, we pursue overall optimization while creating synergies between businesses through our unique portfolio, creating corporate value that exceeds the sum of our businesses. Specifically, the global business segments (Precision Machinery, Energy, and Building Service & Industrial) will achieve a certain level of business scale and high profitability and efficiency as the three pillars that support the Company. In addition, the Japan-based business segments (Infrastructure and Environmental Solutions) will build a stable business foundation through providing solution-provision know-how as value from Japan, a leader in addressing advanced social challenges, to regions around the world that need them.

(Reference) E-Vision 2035 Business Portfolio



(ii) Rationale for Our Business Portfolio

We have determined that our desired business portfolio for 2035 constitutes a rational structure that contributes to maximizing the Group's medium-to-long-term corporate value, based on the following considerations. We will continuously verify whether this structure remains the optimal solution for the Group and maintain a stance of making flexible management decisions, including restructuring the portfolio, in response to changes in the business environment.



(iii) Materiality to Achieve Our Vision

The materiality in E-Vision 2035 comprises five material issues, “Contribute to the creation of a sustainable society,” “Elevate standards of living and support abundant lifestyles for all,” “Conduct comprehensive environmental management,” “Promote working environments that encourage challenge,” and “Enhance corporate governance,” which are defined from the perspectives of “Contribute to social sustainability“ through our primary business and “Strengthen our business foundation” to achieve this. Although these items are consequently the same as the material issues in E-Vision 2030, considering the universal relevance of each concept, we have set them as issues requiring continued focus.



(iv) Company-wide Policy

i) Resource allocation policy

Regarding resource allocation, our basic policy is to create a virtuous cycle of returns, investment, and growth by actively investing in growth areas that contribute to maximizing corporate value over the medium to long term, while harvesting the results of past growth investments. Based on the above premise, for growth investments, we will prioritize allocating management resources to the global business segments of Precision Machinery, Energy, and Building Service & Industrial to achieve our target business portfolio. Concurrently, we will invest in foundational systems to realize globally efficient operations.

ii) Policies on human resources, information systems, and technologies

a. Policy on human resources

We define the ideal human resources required for the Group in the future as “talent who demonstrate career ownership by thinking and acting on their own initiative.” Through this mutually chosen and responsive relationship between individuals

and the company, we aim to achieve a virtuous cycle of value creation. To achieve this, we will develop a global human resources foundation that supports individual growth and diversity, while establishing an environment centered on “increasing,” “utilizing,” and “appropriately evaluating” our “human capital.”

b. Policy on information systems

We will position AI technologies and data analytics as new core technologies to advance IT functions. We will also develop information infrastructure and contribute to overall optimization through operational excellence.

c. Policy on technologies

Technical Policy: We will solve social and environmental issues by combining core technologies such as fluid analysis and control, vibration and noise control, and interface control. We will also accumulate new core technologies through business experience, creating a virtuous cycle that can be utilized to solve further new issues.

iii) Business policy

a. Common business policy

Each business will focus on its respective major market, aiming to optimize the overall system by enhancing the framework for creating value from data. Under this policy, we will treat the installed base of our products in each major market as a business asset, and collect, analyze, and utilize the data necessary for appropriate management, aiming to become a solution provider that supports customers' energy savings and decarbonization, and provides services such as failure prediction management and operational assurance. We will also actively explore and promote M&A, as well as co-creation and collaboration with external partners.

b. Global business segments

Precision Machinery: By empowering rapid innovation and efficient production in the semiconductor industry, we will help advance cutting-edge technologies, support customers' energy savings and decarbonization, and become a truly unique player that underpins a sustainably evolving, AI-empowered society.

Energy: We aim to become a technology-oriented solution provider built on our core strengths in fluid compression and transfer technologies, after-sales services, and global operations. In existing markets, we will enhance our presence and profitability to support the stable supply of energy and basic materials essential to human progress, and in new energy and sustainability fields, we will actively develop technologies and solutions that lead decarbonization trends and cultivate these businesses as a core pillar of our earnings base

Building Service & Industrial: We aim to embody three identities: a "new-function manufacturer that delivers industry-first equipment and units," an "energy-and labor-saving manufacturer that proposes industry-first value for customer facilities, including existing installations," and a "manufacturer that enables stable operations by providing industry-first services that transcend equipment and technology boundaries." We will secure leading positions in growth markets such as data centers and electronic devices. We will increase added value by providing solutions combining pumps/thermal products with IoT, and evolve into a service business that maximizes lifetime-revenue. Simultaneously, we will improve overall business efficiency by continuously streamlining and consolidating businesses and sites, and by shifting management resources toward high-profit fields and business models.

c. Japan-based business segments

Infrastructure: "Together with water," we support people, livelihoods, and society, and create the future. Through innovation in products and services, we will make social and industrial infrastructure more efficient and resilient. In Japan, we will contribute to national resilience and measures addressing aging domestic infrastructure, securing stable earnings and establishing unwavering brand value. Overseas, we will improve efficiency across the entire global supply chain to stabilize earnings and enhance global brand value.

Environmental Solutions: We will lead the transition from a linear economy to a circular economy as an "upcycler" that transforms waste into high-value-added resources. We aim to further enhance the profitability of our core businesses while expanding our domain into resource circulation, decarbonization, and nature-positive fields. We will implement chemical recycling (ICFG[®] technology) in society and become a key player in resource-circulation processing.

d. New businesses

We will gain the world's top share in solutions for the hydrogen energy domain and contribute to building the future hydrogen society. Additionally, we will establish new businesses in promising markets including other hydrogen utilization domains, aerospace, medical and bio, and food tech.

iv) Social, environmental and economic value aimed in E-Vision 2035

In E-Vision 2035, we have set our 10-Year vision as "To be an excellent global company essential to building a sustainable society." We aim to maximize our economic value while providing social and environmental value to the world.

[Examples of Social and Environmental Value]

Decarbonized society

- Lead energy transition
- Reduce GHG (greenhouse gas) emissions by the equivalent of approximately 250 million tons of CO₂

Safe and reliable living

- Protect people's lives from flood risks associated with climate change
- Deliver water to 800 million people

An evolving, prosperous way of life

- Support high integration and sustainability in semiconductor manufacturing, and contribute to the advancement of an AI-empowered society

[Economic Value]

Revenue : 2 trillion yen or higher

Operating profit ratio : 20% or higher

ROIC : 20% or higher

ROE : 25% or higher

Benchmark for enhancing corporate value: Roughly 6 trillion yen in market capitalization

(3) Medium-Term Management Strategies and Target Performance Indicators

(i) Positioning of E-Plan 2028

As the medium-term management plan covering the first three years toward achieving E-Vision 2035, we have formulated E-Plan 2028 based on back-casting from our vision for 2035 and the issues identified through the review of E-Plan 2025.

(ii) Summary of E-Plan 2025

Although some challenges remain in certain items regarding company-wide indicators and indicators by business segment, overall progress has been favorable.

[Company-wide]

Indicators		E-Plan 2025 targets	FY2025 results
Profitability	Operating profit ratio	10% or higher	11.9%
	ROIC	10% or higher	11.9%
	ROE	15% or higher	15.6%
Growth	Revenue CAGR	7% or higher	12.1%
Financial health	Debt-to-equity ratio	0.3-0.5 (management guideline)	0.44
Financial policy	Growth investment (3 years)	Growth investment: ¥180.0 to ¥225.0 billion R&D investment: ¥65.0 billion	Growth investment: ¥174.8 billion R&D investment: ¥61.9 billion
	Infrastructure investment (3 years)	¥50.0 to ¥85.0 billion	¥81.8 billion
	Shareholder returns (3 years)	Consolidated Dividend Payout Ratio of 35% or higher Implement flexibly the repurchase of treasury stock	Consolidated Dividend Payout Ratio: maintained 35% or higher Repurchase of treasury stock: ¥20.0 billion

[By business segment]

Indicators		E-Plan 2025 targets	FY2025 results
Profitability Operating profit ratio	Precision Machinery	17% or higher	16.9%
	Energy	12% or higher	11.9%
	Building Service & Industrial	7% or higher	6.3%
	Infrastructure	6% or higher	8.2%
	Environmental Solutions	7% or higher	13.3%
Growth Revenue CAGR	Precision Machinery	15% or higher	15.5%
	Building Service & Industrial	6% or higher	7.7%

[Non-Financial]

	Metrics	E-Plan 2025 targets	FY2025 results
E: Environment	CDP score (climate change category)	Maintain B or above	A-
	Scope 1, 2 GHG emissions (CO ₂ equivalent)	Reduce by 32% compared to 2018	149,000 tons emitted Reduced by 46.3% compared to FY2018 (preliminary figure)
	Scope 3/avoided emissions/other (value chain) (Note 1)	Establish a practical method to measure GHG emissions across the value chain	Established a practical method to measure GHG emissions across the value chain and set targets for each metric
S: Social	Transform into a culture of competition and challenge, and strive to create an environment where diverse employees can comfortably work and perform well - Engagement Survey Score	83 or higher	81
	Aim for global mobility improvement - Percentage of non-Japanese employees (consolidated) in Global Key Position (GKP)	30% or higher	26%
	Resolve gender pay gap (1) Percentage of female employees in GKP (consolidated) (2) Percentage of female employees in managerial positions (non-consolidated)	(1) 8% or higher (2) 8% or higher	(1) 8% (2) 8.6%
	Cultivate a company culture where employees can work and raise children at the same time regardless of gender - Percentage of male employees taking parental leave (non-consolidated)	100%	100%
	Promote good performance of employees with special needs - Percentage of employees with special needs (non-consolidated + four group affiliates)	2.6% or higher	2.57%
	Implement necessary measures based on the results of human rights due diligence for suppliers		Minimized business continuity risks through promoting human rights due diligence by conducting CSR surveys and education for domestic and international suppliers and implementing on-site improvements
	G: Governance	Deepen the performance of the Board of Directors and contributions to G to V: Governance to Value	

(Notes) 1. Notation changed in November 2023.

Based on the Guidance on Avoided Emissions published by the World Business Council for Sustainable Development (WBCSD) in March 2023, we have added “avoided emissions / other” to the descriptions of our value chain targets. “Other” includes CO₂ equivalent emissions of gases with high GHG emission factors that are neutralized by the Group’s products.

2. Evaluation process: questionnaire, individual interviews by the Chairman, self-evaluation and peer evaluation by

Directors, evaluation by the Chairman, identification of issues, disclosure of results

[Five key areas]

	Evaluation	Reason for evaluation
Target markets & customer-orientation	◎	The organization by target market has taken root. Integrated synergies have emerged such as an increase in cross-product orders. Launched the development from the customer's perspective (e.g., sales for set-makers in Building Service & Industrial), but <u>harvesting results remains a future challenge.</u>
New value creation	○	Creating new value embedded with customers, such as hydrogen-related business projects, new business exploration by the marketing department, and the EBARA Maintenance Cloud for Building Service & Industrial, show initial signs but remain <u>insufficient. Further co-creation with customers is required.</u>
Global expansion	○	Established new sites and consolidated and reorganized existing sites, and promoted <u>optimization of global manufacturing and service structures</u>
Advanced and efficient management infrastructure	△	Investment decisions based on ROIC-based management have deepened, but ERP implementation is behind schedule and we will strive for early launch. The introduction of function-based management under the CxO system has been completed, and we are <u>transitioning to the phase of generating concrete results.</u>
Promotion of ESG-focused management	○	E (Environment) achieved GHG reduction targets for Scope 1 and 2. It also contributed to customers' GHG reduction through our products and services. S (Social) promoted business development for solving social issues. It also promoted increasing the GKP ratio, introducing HCM (Note 1), and restructuring the succession plan to promote working environments that encourage challenge. Additionally, it implemented human rights due diligence across the supply chain. G (Governance) received the Corporate Governance of the Year Award in 2023, but challenges remain such as restructuring the group governance system accompanying business expansion and strengthening internal controls to prevent recurrence of violations of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

(Note) 1. HCM : Human Capital Management

(iii) Business environment in E-Plan 2028

We recognize the business environment in E-Plan 2028 as follows.

Precision Machinery (Market CAGR: CMP & Dry pumps 8.0%): Generative AI will drive the market, accelerating investment in AI servers and increasing importance of advanced packaging technologies. While supply chain bifurcation driven by U.S.-China tensions progresses, emerging markets like India will rise. Additionally, needs for energy efficiency and PFAS regulation compliance will grow at semiconductor manufacturing facilities.

Energy (Market CAGR: LNG 6.0%, Ethylene 3.0%): Steady demand for LNG, a low-carbon fuel, will remain across the full value chain from liquefaction to transport and regasification. New markets such as hydrogen, ammonia, and CCUS will take shape in earnest, expanding decarbonization markets. In addition, against a backdrop of aging facilities and labor shortages, the labor-saving needs for maintenance, remote monitoring, and other tasks will rise.

Building Service & Industrial (Market CAGR: Pumps for building and industrial applications 3.5%): Due to the spread of generative AI, cooling demand for data centers will rapidly increase. While the global market will grow steadily, the China market will remain sluggish. Against the backdrop of domestic labor shortages, labor-saving needs such as IoT-enabled equipment and maintenance will rise.

Infrastructure (Market CAGR: Domestic pumps EPC -Flat): The new National Resilience Implementation Medium-term Plan will begin and the demand for replacement driven by aging infrastructure will increase significantly. Infrastructure DX will advance automation and labor-saving in the asset management field through the use of AI, robots, etc.

Environmental Solutions (Market CAGR: New construction of municipal waste incineration facilities -Flat): While life-extension measures for aging municipal waste incineration facilities in Japan will progress, rebuild projects will be expected to gradually decline over the long term due to factors such as wider-area consolidation. In the waste treatment field, the shift to a circular economy will be facilitated.

(iv) Theme and basic policy of E-Plan 2028

In fiscal year 2025, we achieved record consolidated performance for the fifth consecutive period. However, while each company continues to pursue individual optimization, challenges remain in developing a common foundation responsive to rapid business

expansion. Considering the potential for growth through overall optimization and the need to enhance management infrastructure to realize this, we establish the themes and basic policies of E-Plan 2028 as follows.

Theme of E-Plan 2028

Creating sustainable value through overall optimization

Basic Policies of E-Plan 2028		Summary
1	Expand the Group management foundation needed to achieve overall optimization	<ul style="list-style-type: none"> Build robust management platforms that support group-wide optimization through the strengthening of Group governance, the enhancement of supply chain resilience, and the implementation of ERP Establish a stronger management infrastructure based on overall optimization by improving the quality of resource allocation and decision-making
2	Balance the harvest of past investment returns with investment for future growth	<ul style="list-style-type: none"> Strengthen cash generation capability through the steady harvesting of growth investments Promote focused investments in future growth areas (including M&A) under disciplined investment decision-making
3	Execute strategies tailored to the characteristics of each business segment	<ul style="list-style-type: none"> Improve business scale, profitability, and efficiency in global business segments targeting growth markets Secure stable earnings and strengthen the business foundation in Japan-based business segments
4	Establish and further enhance human capital management for the EBARA Group	<ul style="list-style-type: none"> Promote business strategy-linked development, allocation, and evaluation of talent, positioning human capital as the source of value creation Strengthen human capital management by visualizing the quality and sustainability of talent through utilization of common Group platforms
5	Continuously create new customer-centric value	<ul style="list-style-type: none"> Provide new solutions by addressing customer issues Maximize group-wide value through collaboration across businesses

(v) Basic policies by business segment

Precision Machinery: We aim to achieve the top global market share in dry vacuum pumps, CMP, and packaging plating, while establishing and expanding our presence and share in the new equipment market, such as tape polishing machines. We will differentiate ourselves from competitors by proposals of our unique solution packages “One Ebara” that incorporate core technologies of other segments.

Energy: We will lead the realization of a decarbonized society and promote initiatives in sustainability domains, including ammonia, CCUS (Carbon dioxide Capture, Utilization and Storage), hydrogen, SAF (sustainable aviation fuel), geothermal, and remote monitoring/failure prediction for energy markets. In addition, we will support a stable energy supply, which is essential for global population growth and improved living standards and establish a leading position in the petrochemical market centered on ethylene, including COTC (Crude Oil to Chemicals). To achieve these targets, we will actively make focused investments in human resource development, technology and product development, and DX domains to secure and strengthen competitiveness.

Building Service & Industrial: We will create new markets and rapidly establish supply capabilities in growing markets (data center and electronic device markets) while providing solutions such as pumps and thermal equipment from a market-in perspective. We will develop a new business model, mainly a maintenance cloud by offering integrated device and service solutions to actively develop our new business model. To support these initiatives, we will advance the digitalization of business foundation, including ERP utilization, towards a global manufacturing and sales/inter-regional collaboration system and SCM optimization, thereby promoting organizational collaboration and operational efficiency and transformation. At the same time, we will improve overall business efficiency by continuously streamlining and consolidating businesses and sites.

Infrastructure: Within Japan, we will maximize productivity and enhance profitability through maintaining the top market share, operational efficiency and reduction in costs due to losses, enabled by internal DX. We will strengthen our product and service development capabilities and accelerate market launch to enhance our presence, addressing social demands such as aging domestic infrastructure, weather-related disasters, and infrastructure DX. For overseas, we will expand our business scale by deepening collaboration with overseas sites and increasing access to a stable profit market.

Environmental Solutions: We aim to secure stable orders by building a solid project pipeline across public and private sectors and to further enhance O&M profitability with automation and predictive maintenance in the existing core business (EPC/DBO,

O&M). While maintaining our existing business, we will capture the transition from a linear economy to a circular economy and strengthen efforts for the social implementation of technologies and services that contribute to ICFG technology, resource circulation (Waste-to-Resources), and decarbonization, thereby clarifying the path for growth through new business domains.

(vi) Corporate basic policy

We pursue overall optimization by overseeing all business operations from a high-level, enterprise-wide perspective. We define the execution functions as “pure headquarters functions” that enhance corporate value through achieving group-wide optimization, and “extended headquarters functions” that support companies through specialized service provision and operational support/outsourcing. We will strengthen “pure headquarters functions” to drive group management. Additionally, “extended headquarters functions” will be implemented based on beneficiary needs.

Governance: In corporate governance, the Board of Directors will prioritize sustainability management and, working in tandem with “execution,” further strengthen forward-looking discussions. In group governance, we will enhance responsiveness in target markets through appropriate delegation of authority based on business maturity and market characteristics. Simultaneously, we will strengthen the supervisory function of Group companies as part of execution by the shareholder engagement including the Director nomination process for Group companies and by involvement in management through the Board of Directors, thereby reducing overall Group risks.

Management and promotion of growth investments: We will strengthen company-wide verification processes toward the secure execution of growth investments. Specifically, for new business development budgets and R&D expense budgets centered on the Precision Machinery segment, we will complete plans without missing investment opportunities through strategic setting and monitoring.

EBARA Solution Platform Development: We will treat operational data from products deployed worldwide as a “shared asset” and build a “company-wide data utilization environment” to transform this data into value beyond the boundaries of businesses and products.

(vii) Financial policy

We view E-Plan 2028 as a period of further growth, and we will prioritize growth investments that contribute to maximizing corporate value over the medium to long term, while harvesting the results of past growth investments. Residual cash will be allocated primarily to shareholder returns to maintain an optimal capital structure.

Investment strategy and discipline: Investment priorities are determined based on increasing $EVA = (\text{Invested capital}) \times (\text{ROIC} - \text{WACC spread})$, and the total investment amount is decided after considering operating cash flow.

Financial discipline: Based on maintaining an “A” credit rating, the discipline requires a D/E ratio of 0.4 to 0.5 and holding cash and deposits equivalent to 1.5 to 2 months of monthly sales.

Shareholder returns policy: While maintaining a consolidated dividend payout ratio of 35% or higher, we will continuously carry out the acquisition of treasury shares as an adjustment to achieve an appropriate level of equity in line with the ROE target, provided that necessary investments are made and financial discipline is maintained. Based on the above, we will implement shareholder returns (dividends and acquisition of treasury shares) equivalent to 100% or more of the cumulative free cash flow (excluding cash inflows from asset sales and reductions) over a three-year period.

(viii) Target metrics

Financial targets and management guideline

[Company-wide]

Category	Indicators	FY2025 results	FY2028 targets
Profitability and efficiency	ROIC (WACC)	11.9% (5.0-6.0%)	13.0% or higher (8.0-9.0%)
	ROE	15.6%	18.0% or higher
	Operating profit ratio	11.9%	14.5% or higher
Scale and growth	Revenue	¥958.2 billion	¥1.2 trillion scale
Financial health	Debt-to-equity ratio	0.44	0.4-0.5 (management guideline)
	Cash on hand level (monthly sales)	1.85 months	1.5-2.0 months (management guideline)

[By business segment]

Category	Indicators	FY2025 results	FY2028 targets
Profitability and efficiency	ROIC by business segment (WACC by business segment)		
	- Precision Machinery	21.0% (7.0-8.0%)	25.0% or higher (9.5-10.0%)
	- Energy	12.2% (4.5-5.0%)	15.0% or higher (8.0-8.5%)
	- Building Service & Industrial	5.5% (4.5-5.0%)	8.5% or higher (6.0-6.5%)
	- Infrastructure	10.3% (4.0-4.5%)	12.5% or higher (6.0-6.5%)
	- Environmental Solutions	19.1% (4.7-5.2%)	13.0% or higher (6.5-7.0%)
	Operating profit ratio		
	- Precision Machinery	16.9%	20.0% or higher
	- Energy	11.9%	14.5% or higher
	- Building Service & Industrial	6.3%	9.0% or higher
	- Infrastructure	8.2%	9.0% or higher
	- Environmental Solutions	13.3%	8.5% or higher
Scale and growth	Revenue CAGR	(FY2022-2025)	(FY2025-2028)
	- Precision Machinery	15.5%	15.0% or higher
	- Energy	14.9%	8.0% or higher
	- Building Service & Industrial	7.7%	8.0% or higher

[Sustainability]

Material issues	Social and environmental value provided (FY2035)	KPIs (FY2028)		Targets
M1 Contribute to the Creation of a Sustainable Society	Deliver water to 800 million people (Note 1)	(Building Service & Industrial) Water supply status		75% (Achievement rate against the value to be delivered in 2035)
	Protect people's lives and livelihoods from flood risks caused by climate change	(Infrastructure) Equivalent watershed area for inundation avoidance (Note 2)		Approx. 7,800ha (cumulative total for 2026-2028)
	Lead the energy transition toward decarbonization	(Energy) Share of orders for sustainability-related projects (Note 3) (products business)		20%
	Implement technologies in society that contribute to CO ₂ reduction and the circular use of carbon resources	(Environmental Solutions) Orders received for ICFG [®] /EUP [®] (gasification)		1 order or more
		(Environmental Solutions) Progress in the development and social implementation of ICFG [®] technology (oil conversion)		Establishment of oil conversion technology
	Reduce greenhouse gas by an amount equivalent to approximately 250 million tons of CO ₂ (cumulative total for 2023–2035) (Note 4)	GHG (CO ₂ -e) reductions enabled by our products and services (Note 5)		65 million t-CO ₂ (cumulative total for 2023-2028)
Responsible procurement	CSR procurement compliance rate among key suppliers		75%	
M2 Elevate Standards of Living and Support Abundant Lifestyles for All	Achieve zero downtime to ensure the uninterrupted flow of comfortable living worldwide	(Building Service & Industrial) Growth rate of the number of units connected to remote monitoring services (EBARA Maintenance Cloud, RISSA, RISS, JES)		50% or more (CAGR 2025-2028)
	Support higher integration and sustainability in semiconductor manufacturing, and contribute to the advancement of an AI-empowered society (Note 6)	(Precision Machinery) Semiconductor miniaturization: Development progress rate of elemental technologies compatible with 7Å-generation semiconductor manufacturing technologies		75% (Note 7)
M3 Conduct Comprehensive Environmental Management	Minimize the environmental impact of our business activities	CDP score (climate change)		Maintain leadership level rating (A, A-)
		GHG emissions Scope 1 and 2 (CO ₂ -e)		46% reduction (vs. 2018)
		GHG emissions Scope 1 and 2 (CO ₂ -e) per unit of revenue (emissions intensity) for major businesses		66% reduction (vs. 2018)
		GHG emissions Scope 3, Category 11 (CO ₂ -e)		20% reduction (vs. 2021)
		Water consumption intensity		Ongoing improvement
		Rate of waste recycling in Japan		Maintain 95% or higher
M4 Promote Working Environments that Encourage Challenge	Promote the active participation of diverse global talent	Diversity in Global Key Positions (GKPs)	Ratio of women (consolidated)	11.0%
			Nationality diversity indicator (consolidated)	Level in line with global peers
		Percentage of women in management positions (Japan)		11.0%
		Percentage of men taking childcare leave (Japan)		100%

Material issues	Social and environmental value provided (FY2035)	KPIs (FY2028)	Targets
	Promote a safe, secure, and healthy workplace environment	Percentage of employees with special needs (Japan non-consolidated + 5 Group companies)	2.80%
		Global engagement survey score	85
		Number of fatalities and serious incidents	0 events
		Certification as a Health & Productivity Management Outstanding Organization (Note 8) (Japan)	Obtain certification
M5 Enhance Corporate Governance	Strong corporate governance	Conduct Board effectiveness evaluations and address identified issues	Chair interviews; self- and peer evaluations; Chair evaluations; identification of issues and reforms, etc.
		Provide support activities for Independent Directors	Executive Session; site visits; study sessions, etc.
		Facilitate dialogue between Independent Directors and stakeholders	Ongoing dialogue

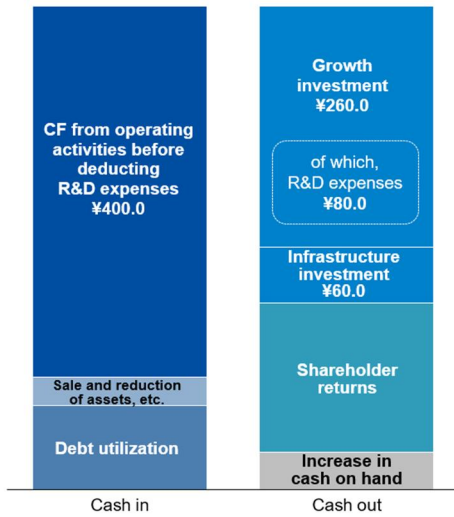
- Notes:
1. Updated the value provision targeted under E-Vision 2030: “Deliver water to 600 million people.”
 2. An estimate based on the total capacity of drainage pumps targeted for new and replacement orders between 2026 and 2028, indicating the area that could be kept below the floor-level flooding threshold (50 cm) during 24-hour continuous operation (equivalent to approximately 13% of Tokyo’s 23 wards)
 3. CO₂, ammonia, hydrogen, SAF, etc.
 4. Updated the value provision targeted under E-Vision 2030: “Reduce GHG emissions by an amount equivalent to approximately 100 million tons of CO₂ equivalents”
 5. Calculated as the amount of GHG emissions that can be reduced before and after installation of our products, converted to CO₂ equivalents. Includes certain contributions to emissions reductions calculated with reference to WBCSD guidance.
 6. Update to “Challenge 14Å,” the value provision targeted under E-Vision 2030
 7. Based on a 2035 target scenario in which the development of 7Å-generation semiconductor manufacturing technologies has been completed and commercialized and is supporting enriched lives in society
 8. Maintain designation as a “White 500” Certified Health & Productivity Management Outstanding Organization, organized by Japan’s Ministry of Economy, Trade and Industry (METI) and the Health & Productivity Management Council, and obtain recognition as a Health & Productivity Stock Selection.

(ix) Cash allocation over the E-Plan 2028 period

We will prioritize allocating management resources to investments for further growth, and residual cash will be allocated primarily to shareholder returns to maintain an optimal capital structure.

E-Plan 2028 Cash Allocation
(3-year cumulative)

(billion yen)



Financial Policy

We will continue to adjust our equity level in line with our ROE target (18% or higher), while making necessary investments, maintaining stable dividends, and adhering to financial discipline.

Investment	
Growth Investment	Growth investments based on the business portfolio Capacity expansion investments, R&D, new businesses, M&A, etc.
Infrastructure Investment	Strengthening the foundation that supports sustainable growth Maintenance and upgrade capex, human capital, IT such as ERP, business infrastructure, ESG-related investments
Shareholder Returns	
Dividends	Consolidated payout ratio of 35% or higher
Share Repurchases	Continuously adjust equity levels to an appropriate level

Shareholder returns of 100% or more of cumulative FCF* over three years

After implementing stable dividends and sustainable share repurchases, allocate at least 100% of cumulative free cash flow over a three-year period, excluding proceeds from asset sales and similar items, to shareholder returns

* Excluding cash inflows from asset sales and similar transactions

Financial Discipline

- Assuming we maintain an "A" credit rating, we will keep the D/E ratio to 0.4–0.5 times and cash and deposits equivalent to 1.5–2 months of monthly sales

2. Sustainability Approach and Initiatives

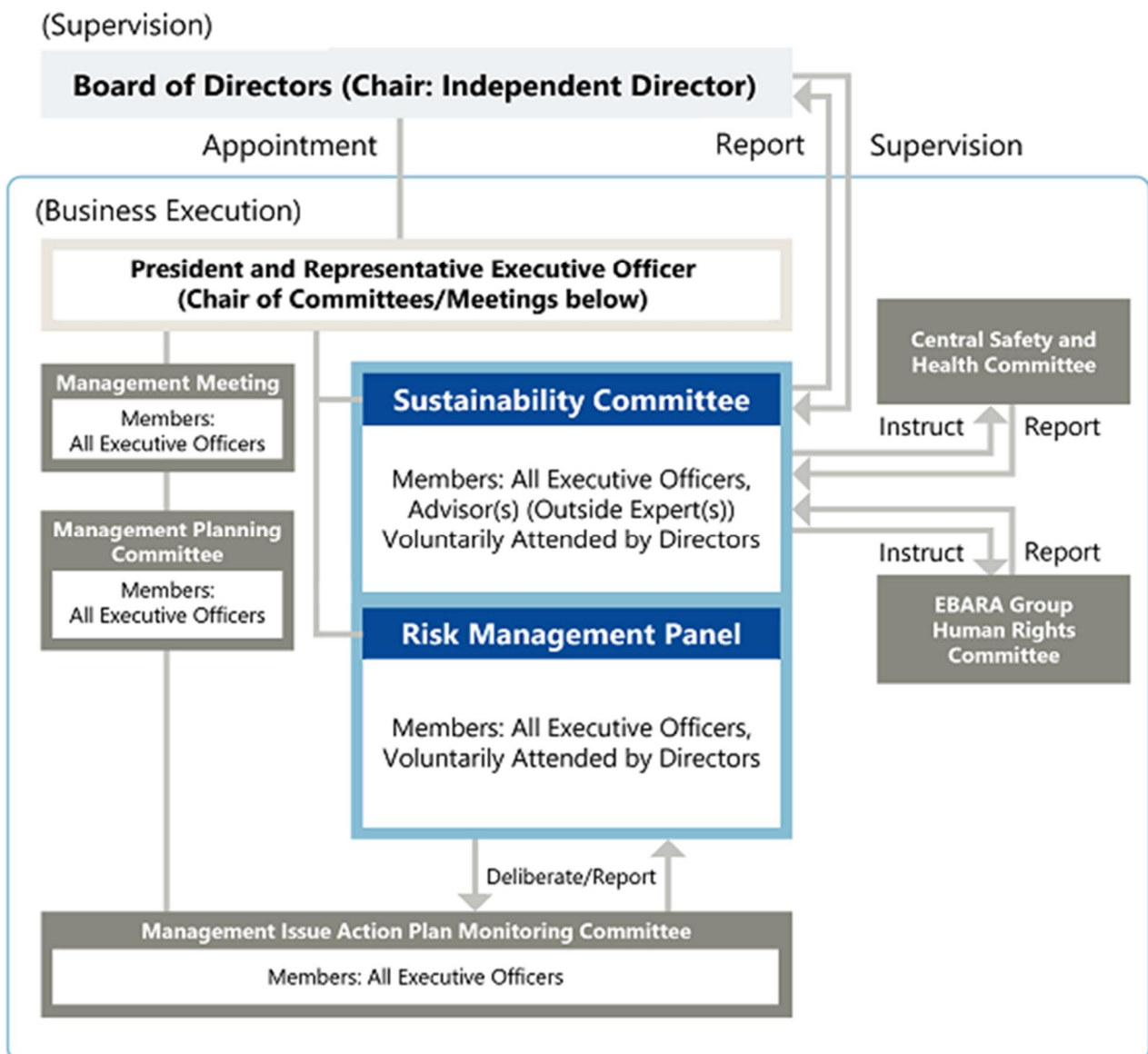
The Group aims to contribute sustainably through its business to solve social issues, creating social and environmental value while enhancing medium- to long- term corporate value. To achieve this, we implement sustainability management based on the pillars of environment (E in ESG), connecting with society (S in ESG), and governance (G in ESG).

(1) Overall Sustainability

(i) Governance for overall sustainability

The Group ensures effectiveness and progress in sustainability management from both supervision and business execution perspectives under its governance framework centered on the Board of Directors and the Sustainability Committee. Additionally, by incorporating ESG metrics into Executive Officers' compensation evaluation, we have established an incentive structure toward achieving sustainability-related targets.

Sustainability Promotion Framework Diagram



i) Supervision

The Company has adopted the organizational form of a Company with Three Board Committees to achieve a clear separation between supervision and business execution in management, ensuring that the Board of Directors acts as a monitoring board.

a. Board of Directors

The Board of Directors recognizes that a key management priority for the Group is to enhance both social and environmental value by continuously contributing to the resolution of social issues through its business, while improving economic value through ROIC-based management and portfolio-based management at the same time. To achieve that, the Board of Directors establishes the Basic Management Policy for the long-term business environment and oversees their continuous implementation. The Company has explicitly defined this approach in the “Corporate Governance Basic Policy,” clearly outlining the Board of Directors’ role and stance on sustainability management. Additionally, the Board of Directors incorporates deliberations on climate, nature-related issues, human rights, human capital, and other sustainability-related topics into its annual agenda and regularly allocating the necessary time for discussions from various perspectives. The results are then reported to the Sustainability Committee. Directors also attend Sustainability Committee meetings to monitor the status of sustainability initiatives on the business execution side and provide appropriate advice and support from an objective standpoint as necessary.

ii) Business execution

Sustainability Committee on the business execution side is chaired by the President and Representative Executive Officer, and its agenda covers environmental, social, and governance issues related to the materiality of the Group’s long-term vision. Matters deliberated and reported on at the Sustainability Committee are reported to the Board of Directors for review.

Risk management in sustainability management is incorporated into the Group’s corporate governance framework. The Company has established the Risk Management Panel as an entity responsible for overseeing and deliberating on the Group’s risk management activities and providing guidance and support for improvement. For significant risks identified through company-wide risk assessments, the Company clarifies which divisions are in charge and implements countermeasures. Please see “3. Risk Factors” for further details.

The Management Meeting, the Management Planning Committee, and the Management Issue Action Plan Monitoring Committee are held to determine matters aimed at giving shape to the medium-term management plan for each fiscal year and clarifying the annual budgets and action plans of each organization.

Furthermore, the Group has established the Central Safety and Health Committee, which determines the Group’s occupational health and safety policy, and the Human Rights Committee, which strives to continuously improve the Group’s human rights management in accordance with the Group’s Human Rights Policy.

The roles and functions of each committee are as follows.

a. Sustainability Committee

The Sustainability Committee has been operated to discuss policies of businesses and supporting activities (Environmental protection in production activities, etc., labor practices, supply chain management, information management and disclosure, human rights protection, diversity promotion, etc.), and decide on key performance indicators (KPIs) and targets, as well as verify outcomes, so that the EBARA Group may contribute to building a sustainable society and environment through business activities and continue to raise its corporate value. The Sustainability Committee is chaired by the President and Representative Executive Officer and includes Executive Officers as members, and external experts on sustainability management participate as advisors. Furthermore, Directors are encouraged to attend meetings of the committee to exhibit supervisory functions contributing to the objectives of the Sustainability Committee, and Directors provide advice and the like as necessary. The Sustainability Committee reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. The Sustainability Committee periodically holds meetings once every quarter, and four meetings were held in the fiscal year under review.

b. Risk Management Panel

Regarding risks surrounding the Group, the Risk Management Panel identifies significant risks for the Group, including sustainability-related risks, based on the results of risk assessments conducted regularly. In the risk assessment process, the risks that should be addressed are identified from potential risks through questionnaires and interviews with business and department managers. The Group then reevaluates its risk response system, clarifies which divisions are in charge, and works to address the risks.

c. Management Meeting, Management Planning Committee, and Management Issue Action Plan Monitoring Committee

The Management Meeting and the Management Planning Committee hold meetings to deliberate and determine matters aimed at giving shape to the medium-term management plan for each fiscal year and clarifying the annual budgets and action plans of each organization. The Management Issue Action Plan Monitoring Committee has also been established as a meeting body to monitor the progress of management issue action plans. From 2023, in addition to setting targets for achieving budgets as carried out previously, we have also started formulating action plans geared toward achieving our non-financial targets and monitoring progress toward these targets at the Management Issue Action Plan Monitoring Committee.

d. Central Safety and Health Committee

Based on the EBARA Group Safety and Health Policy, the Central Safety and Health Committee has been established to create and maintain workplace environments that prioritize the safety and health, including the realization of work-life balance and mental health for all people working in the Group. The Committee deliberates on and monitors the safety and health plans of each department. The status of these activities is reported to the Sustainability Committee, and is then reported to the Board of Directors along with the Sustainability Committee’s opinions for review.

e. EBARA Group Human Rights Committee

Based on the EBARA Group Human Rights Policy, we have established the EBARA Group Human Rights Committee for the purpose of putting the Human Rights Policy into practice and continuously improving the human rights management system. The Committee formulates the Group’s approach to human rights initiatives and implements measures to continuously improve the Group’s human rights management. The Committee also monitors results of human rights due diligence for employees and suppliers and progress on the improvement plan. Details of these activities are reported to the Sustainability Committee, and is then reported to the Board of Directors along with the Sustainability Committee’s opinions for review.

iii) Compensation System

In order to practice advanced ESG management toward the realization of a sustainable society through business activities, the Company’s Compensation Committee deems it appropriate to reflect the degree of achievement of ESG-related targets in Executive Directors’ compensation. Accordingly, after holding numerous discussions while referring to the opinions of outside experts on global compensation for executive officers, the Committee has started linking a portion of Short-term Incentive to the degree of achievement of ESG metrics from the fiscal year ended December 31, 2022.

The evaluation items are “E” (Environment) based on the evaluation of CDP (Note 1), the achievement rate of GHG emissions per unit of revenue (emissions intensity) reduction targets (Note 2), and “S” (Society) based on the result of the Global Engagement Survey (Note 3), with the evaluation weight set at 10% of the Short-term Incentive. We will continuously review these evaluation indicators going forward.

Evaluation indicators for Short-term Incentive

Indicator		Weight
Performance indicators	Consolidated return on invested capital (ROIC)	45%
	Consolidated operating profit	
MBO	Set based on KPIs for the relevant business	45%
ESG metrics	“E” (Environment): CDP (climate change), GHG emissions (emissions intensity)	10%
	“S” (Society): Global Engagement Survey	

Notes: 1. ESG evaluation organization that evaluates climate change strategies and initiatives to reduce GHG emissions.

2. Reduction targets for Scope 1 and 2 emissions intensity in 2018. Selected as an item since 2026.
3. An EBARA survey that measures and analyzes the current state of organizational and employee engagement to support the achievement of medium- to long-term targets, conducted for employees of Group companies in Japan and overseas.

(ii) Strategies for Overall Sustainability

The Group views the cycle where creating social and environmental value through our materiality initiatives directly links to increasing the Company's economic value as the "Sustainability Management" pursued by the Ebara Group, and we will practice this. For details, please refer to "1. Management Policy, Business Environment, and Issues to be Addressed."

(iii) Risk Management for Overall Sustainability

The Group's sustainability-related risk management is incorporated in our risk management system. The RMP, which oversees and deliberates on the Group's risk management activities and provides guidance and support for improvements, recognizes "Global environment / climate change," "Supply chain risk," and "Human resources risk" and other risks common to the entire Group, and has established a framework to deal with these risks. Please see "3. Risk Factors" for details."

(iv) Metrics and Targets for Overall Sustainability

We have set sustainability targets in the medium-term management plan E-Plan 2028 and are monitoring them. For details, please refer to "1. Management Policy, Business Environment, and Issues to be Addressed."

For details of the results for non-financial targets in E-Plan 2025, please also refer to "1. Management Policy, Business Environment, and Issues to be Addressed."

(2) Sustainability-Related Individual Themes

(i) Addressing Climate Change

We are working to reduce the impact on the environment through the provision of our products and services in order to achieve carbon neutrality by 2050.

i) Strategy

The EBARA Group has set our vision for 2035 as "To be an excellent global company essential to building a sustainable society." We aim to maximize social and environmental value, and economic value, with contributing to a decarbonized society as one of the values to be delivered.

The Group aims to achieve carbon neutrality by 2050 through reducing GHG (greenhouse gas) emissions by the Group and in its value chain with the aim of balancing the realization of sustainable society and growth for the Group. To this end, the Sustainability Committee deliberates on the Group's policies, strategies, metrics, and targets, and monitors the results and progress.

For GHG emissions produced by our own activities (Scope 1 and Scope 2), we are implementing energy-saving initiatives at each site while also installing solar power generation facilities and procuring CO₂-free electricity at our locations in Japan and overseas.

Regarding GHG emissions produced within our value chain (Scope 3), we have set a reduction target for 2030, focusing on emissions from the use of our products (Category 11), which accounts for the majority of Scope 3 emissions. Reduction measures include enhancing product efficiency and collaborating with suppliers.

In May 2025, the Group obtained the Near-Term SBT certification. Additionally, the Group has already obtained third-party verification for our Scope 1, 2, and 3 emissions for 2024.

Furthermore, as our contribution targets to the reduction of GHG emissions for our customers, we have set the targets which are "GHG reductions enabled by our products and services" and "business development supporting a carbon-neutral society," and promotes its initiatives. "GHG reductions enabled by our products and services" is calculated as the amount of GHG emissions that can be reduced by installing our products and services, and includes certain contributions to emissions reductions calculated with reference to the WBCSD Guidance on Avoided Emissions. We contribute to realizing a carbon-neutral society through such efforts as the production and sale of energy-efficient pumps and exhaust gas treatment equipment that decomposes perfluorocarbons (PFCs) with high global-warming potential, as well as the development and provision of products and services that contribute to GHG emission reductions, such as the shift toward decarbonized fuels.

Regarding climate-related disclosures, the EBARA Group endorsed and signed the TCFD recommendations in 2019, analyzed risks and opportunities associated with climate change, and incorporated the findings into the management strategy.

The Group's scenario analysis is reviewed in alignment with the cycle for formulating the medium-term management plan. The results of the 2025 review have been incorporated into the medium-term management plan, E-Plan 2028. In addition, to enhance the quality of disclosures, the Group referenced IFRS® S2 (Climate-related Disclosures) in 2024 and the SSBJ Climate-related Disclosure Standards in 2025.

ii) Metrics and targets

- Scope 1 and 2: 55% reduction in GHG (CO₂-e) emissions by 2030 compared to FY2018
- Scope 3 (Category 11): 25% reduction in GHG (CO₂-e) emissions by 2030 compared to FY2021
- GHG reductions enabled by our products and services: Cumulative reduction of 250 million tons (CO₂-e) from 2023 to 2035
- Business development supporting a carbon-neutral society

For details, please refer to the Company's website:

- Carbon Neutrality Efforts by the EBARA Group

<https://www.ebara.co.jp/en/sustainability/environment/information/carbon-neutrality.html>

- Climate-related Disclosures (TCFD Recommendations)

<https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html>

- ESG Data Book

<https://www.ebara.com/jp-ja/sustainability/data/esg/>

(ii) Human Capital Management

With a view to achieving Materiality 4, "Promote working environments that encourage challenge," in the long-term vision E-Vision 2035, the Group has positioned human capital as the driving force of corporate value creation. We define each employee not merely as a management resource, but as talent who exercises "career ownership," forming their own careers and challenging themselves to create value on their own initiative. The company establishes opportunities and environments for challenge, while employees create results through those opportunities. We aim to foster a virtuous cycle where through such a relationship of mutually choosing and supporting one another, both individuals and the company grow together, and this growth positively influences each other, reinforcing growth.

Additionally, in advancing human capital management, we view Diversity, Equity & Inclusion (DE&I) as a key management foundation. Recognizing that developing an environment where talents with diverse backgrounds and values can maximize their abilities leads to creating innovation and sustainable growth, we are promoting initiatives from both institutional development and cultural reform perspectives.

During the period up to 2025, we progressed in advancing human capital management and establishing a global talent management foundation. As a result, we achieved certain outcomes, including improved engagement, an increase in the percentage of female employees in key positions, the achievement of a 100% ratio of male employees taking childcare leave, and the maintenance of the statutory level for the percentage of employees with special needs. Meanwhile, we have recognized issues that need to be addressed, such as the percentage of non-Japanese employees in Global Key Positions (GKP) that has not met our target, and the domestic engagement survey score that remains relatively low compared to overseas.

i) Strategy

The human capital management strategy in the medium-term management plan "E-Plan 2028" has the following two pillars.

a. Advancing systems to "increase, utilize, and appropriately evaluate" career-ownership talent

We will advance the design and operation of a talent portfolio tied to business strategy, clearly identify talent driving management and business, highly specialized talent, and next-generation management talent, and execute planned development, placement, and promotion. We will also establish systems ensuring diverse talent receive fair opportunities to challenge themselves, and strengthen a sustainable foundation for talent activation from DE&I perspectives.

- b. Developing a global talent management foundation (promoting data-driven management and health management)
- i. By leveraging the HCM (Human Capital Management) platform to integrate and visualize information on roles, skills, evaluations, and preparation status for successors, we will achieve the right person in the right place based on data. This will advance the integration of talent strategy and business strategy, enabling optimal placement and development for the entire global organization.
 - ii. As a foundation for each employee to continue working with vitality and high engagement, we promote the maintenance and improvement of health not only for the employees themselves but also for their families. We will establish environments and systems that support physical and mental health, continuously supporting individual challenges and growth.

ii) Target

The Group emphasizes the following two metrics to measure the outcomes of human capital management.

- Human Capital ROI (linkage between human investment and business value creation)
- Global Engagement Survey score

We define a state where these are improving in a balanced manner as one where both the company and individuals are growing together.

Towards 2028, we aim to realize a “virtuous cycle of talent and business growth” where all employees proactively take on challenges with high engagement, and individual growth is linked to business growth. To achieve this, we will implement the following initiatives and promote human capital management that enables diverse talents to demonstrate their full potential.

- Establishing career ownership company-wide
- Strengthening the environment for employee activation through developing a health foundation
- Clarifying the talent portfolio
- Visualizing and advancing talent information
- Integrating talent strategy with business strategy

The Group will strive to realize “Essential EBARA. Everywhere.” and achieve a balance of economic value and social value, with talent who exercises career ownership as the driving force.

(iii) Respecting Human Rights

i) Strategy

a. Basic Policy on Respecting Human Rights

The EBARA Group has published the EBARA Group Human Rights Policy both internally and externally to put into practice “respect for human rights and diversity,” provided for in the EBARA Group CSR Policy in accordance with the provision in the Universal Declaration of Human Rights that states “All human beings are born free and equal in dignity and rights.” The EBARA Group Human Rights Policy sets forth three core policies as well as the response policies to be adhered to in order to put these core policies into practice. The EBARA Group Human Rights Policy respects the “Declaration on Fundamental Principles and Rights at Work” published by the International Labour Organization (ILO) and “Guiding Principles on Business and Human Rights” published by the United Nation.

The full version of the EBARA Group Human Rights Policy is available on our website.

<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

b. Human rights remedy

In addition to internal whistleblowing contact at each domestic and overseas Group company, EBARA Corporation’s Global Hotline accepts and responds to complaints from all Group employees, including those related to human rights. Global hotlines have been established at 67 domestic and overseas Group companies (including the Company) located across 34 countries, and efforts are continuously underway to extend this system to all Group companies as of December 31, 2025.

As a point of contact for responding to complaints and inquiries from the Group’s suppliers, we opened a Supplier Hotline in December 2025 and have posted the contact information on the Company’s website.

Consultations from others outside the Group are accepted through the inquiry link on the EBARA CORPORATION website.

The Company joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in April 2024. All stakeholders may submit specific cases concerning the Group as complaints related to “business and human rights” through the Engagement and Remedy Platform provided by JaCER.

When the Company receives complaints or inquiries related to human rights, the department in charge of compliance takes the lead in the response, collaborating with relevant departments as necessary.

c. Initiatives in 2025

<p>External dialogues</p>	<p>The EBARA Group Human Rights Committee conducts dialogues with external human rights experts to expand the scope of awareness around human rights issues and improve the Group’s human rights management.</p> <p>In 2025, we invited Yusuke Yukawa, an attorney at Nishimura & Asahi with deep expertise in “business and human rights,” to exchange opinions on corporate approaches to “business and human rights” based on the latest international trends, including EU sustainability-related regulations (CSRD, CSDDD, etc.) and progress on the omnibus bill simplifying them.</p>
<p>Human rights due diligence</p>	<p>The EBARA Group Human Rights Committee believes that it is especially crucial to the business operations of the Group that the human rights of employees are considered and that suppliers also act with respect for human rights, and therefore, conduct human rights due diligence.</p> <p>[Human rights due diligence with employees] Through the annual global engagement surveys conducted by the Human Resources Department targeting all Group’s employees, we monitor the scores of approximately 60 organizations, with particular focus on the common human rights issues across the Group such as workplace fairness and equity, discrimination, and occupational safety and health. The EBARA Group Human Rights Committee instructs the companies whose engagement scores for human rights items do not meet a certain level to formulate human rights action plans, and then such companies implement measures for improvement. The results of these activities are then evaluated based on the scores in the following year’s engagement survey.</p> <p>In 2025, based on the 2024 survey results, we requested four Group companies to implement improvement measures. Each company formulated action plans and implemented improvement measures related to human rights. Additionally, in the 2025 survey results, no organization had an engagement score for human rights items below a certain level.</p> <p>[Human rights due diligence with suppliers] In 2025, CSR procurement surveys were conducted among the Group’s primary suppliers around the world to encourage them to understand and put EBARA’s CSR Procurement Guidelines into practice, which include respect for human rights. The survey includes questions regarding human rights, such as if suppliers are working to prevent child labor, forced labor, and discrimination, and whether they are maintaining appropriate working environments. The Human Rights Committee shares the responses to the human rights questions with the Procurement Department and promotes the development of sound supply chain management. Please see “ii) Metrics and targets” for details.</p>

ii) Metrics and targets

Target	Results in December 2025
<p>Implement necessary measures based on the results of human rights due diligence for suppliers</p>	<p>CSR procurement surveys were conducted among the Group’s primary suppliers across the world to encourage them to understand and put EBARA’s CSR Procurement Guidelines into practice, which include respect for human rights. We have received responses from 1,917 major domestic and international suppliers, and are currently compiling the responses, providing feedback to suppliers, and continuing to collect responses.</p> <p>The survey includes questions regarding human rights, such as if suppliers are working to prevent child labor, forced labor, and discrimination, and if they are maintaining appropriate working environments. The Human Rights Committee shares the responses to the human rights questions with the Procurement Department and promotes the development of sound supply chain management.</p> <p>The following primary measures were implemented in 2025:</p> <ul style="list-style-type: none"> (i) Distributed the survey to domestic and international suppliers and collected responses (ii) Prepared awareness and educational materials on CSR procurement and distributed them to suppliers and members of the Group's procurement organization (iii) Calculated scores based on survey responses and sent feedback sheets to suppliers (iv) Conducted on-site dialogue sessions on CSR with each supplier, including those with low scores, and held discussions aimed at improvement

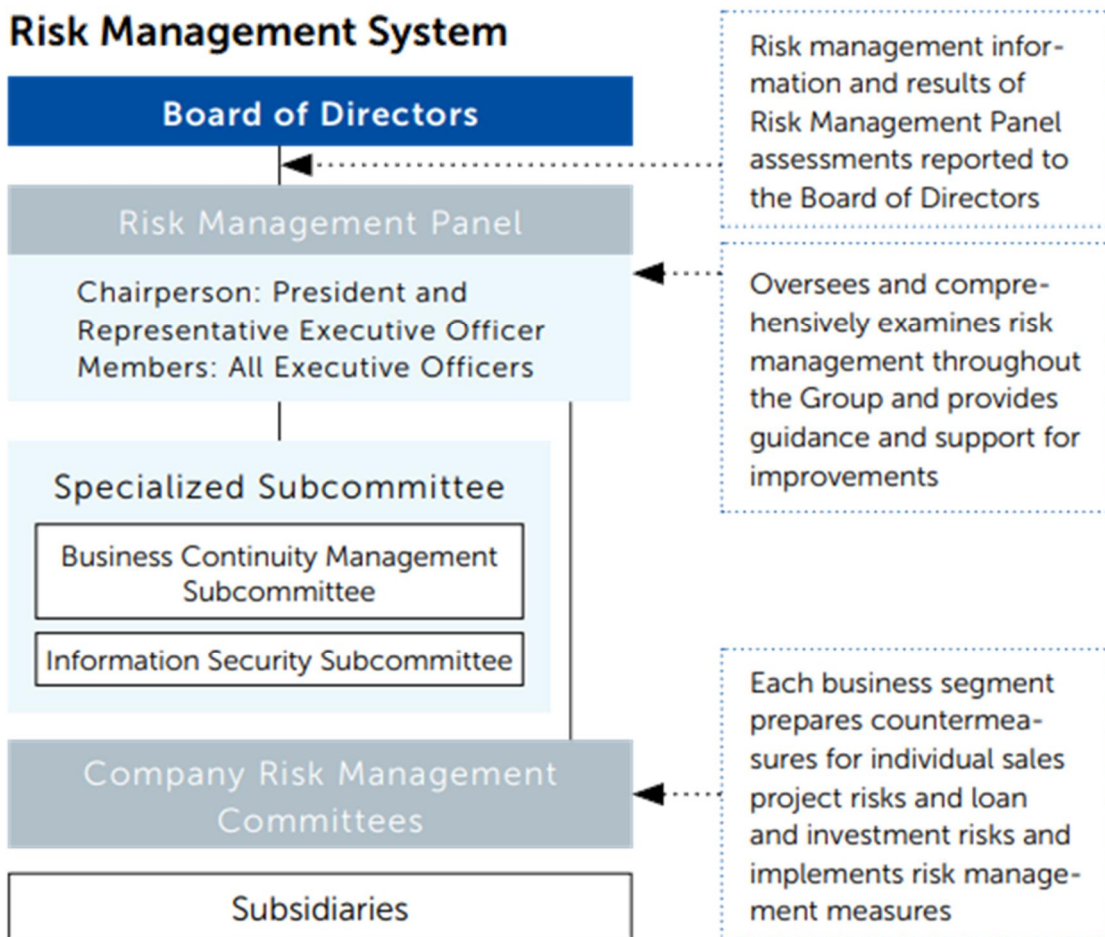
3. Risk Factors

(1) The Company’s Risk Management System

The Risk Management Panel (“RMP”) has been established as an organization that oversees, deliberates on, and provides guidance and support for improvement of the Group’s risk management activities. The risk management system centered on the RMP is shown in the diagram below. The RMP is chaired by the President and Representative Executive Officer and consists of all Executive Officers. Non-executive Directors are present to provide supervision in risk management and to offer advice as necessary. The deliberations of the RMP are reported to the Board of Directors, and a system is in place to enable the Board of Directors to gain an accurate understanding of information and exercise its supervisory function. In addition, a task force headed by the President and Representative Executive Officer is launched when a company-wide response is required depending on the degree of risk response to ensure prompt reporting, communication, and decision making throughout the Company.

Each Executive Officer manages risks related to the Group’s business activities in accordance with the division of duties among Executive Officers, and important matters are deliberated by the Management Meetings. The Sustainability Committee has been established to discuss risks related to the creation of a sustainable society and environment through business activities. The RMP oversees risk management activities, develops the risk response system of the Group as a whole, and supports risk response activities.

For an overall view of these executive committee bodies and the governance system, please refer to “IV. Information about Reporting Company, 4. Corporate Governance” and the website (<https://www.ebara.co.jp/en/ir/governance/information/Basic-Policy-and-Framework.html>).



(2) Business Continuity Management

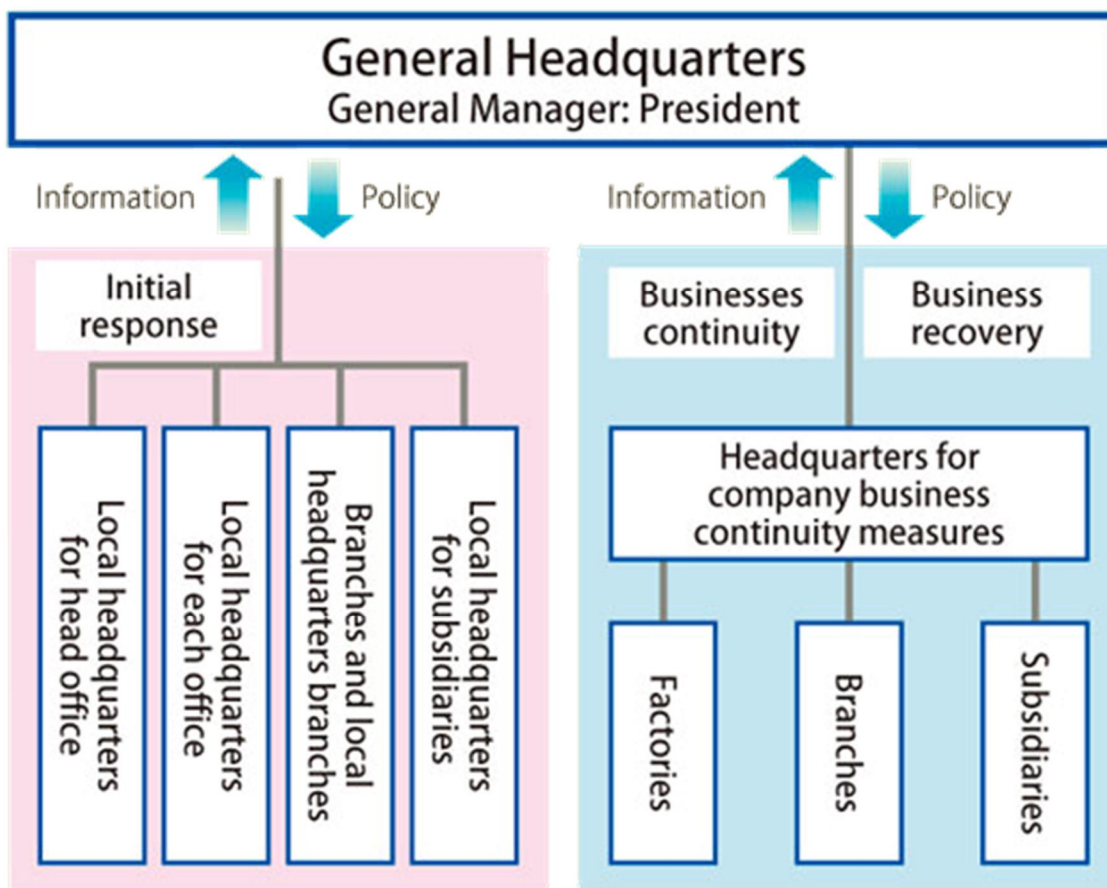
We recognize that it is our important responsibility to provide products and services to support the continuation of functions and early restoration of important facilities that are critical to the lives and property of people in the event of a major earthquake or a large-scale infectious disease outbreak.

Based on this recognition, we have established a business continuity management system and put together an organizational structure and plan.

In the structure, the general headquarters, headed by the President and Representative Executive Officer as the General Manager,

shall be established, monitor company-wide activities from initial response to business continuity and business recovery, and issue company-wide instructions and information. In “initial response activities,” local headquarters established in each region direct activities to ensure the safety of employees and protect assets, including evacuation, rescue, firefighting, and others. In “business continuity and business recovery activities,” each company directs the continuation of important operations and prompt recovery.

In response to the release of a Nankai Trough Earthquake Extra Information in August 2024, we conducted a large-scale earthquake response drill without scenario presentation for heads of main domestic bases to reconfirm the importance of disaster response. Additionally, we conducted BCP training for the Executive Officers and Risk Officer (RO) of each company to enhance emergency response capabilities. While participants gained insights into the importance of prioritization in disaster response, the training also revealed issues such as unclear authority delegation to an alternative headquarters in the event of damage to the Head Office. We are currently addressing these identified issues.



(3) Risk Analysis and Significant Risks for the Group

The Group performed analyses of the risks that may occur during the course of its business through a scenario planning approach accounting for medium- to long-term changes in social trends and market environment conditions. In addition, company-wide risk assessments are carried out every three years with regard to the current risks surrounding the Group by analyzing the likelihood of occurrence, the degree of impact, and the residual risk after countermeasures from the risks that can be assumed in light of our business characteristics, and 2025 was the year for its implementation. Given the rapid changes in social conditions in recent years, the Company also considered a simplified risk assessment method to review significant risks for the Group in interim years, and decided to conduct it in 2026 or later.

In the risk assessment conducted in 2025, we created approximately 110 possible risks anticipated in the Group’s business operations after we enhanced the comprehensiveness of risks by referencing ISO 26000 (Social Responsibility), GRI (Global Reporting Initiative) standards, etc. as third-party perspectives, in addition to the risk catalogue used last time. After evaluating risks that are significant in both the degree of impact and the likelihood of occurrence for the Group, and whether the countermeasures taken are sufficient, we conducted surveys and interviews with all Executive Officers, responsible persons of Planning in each Company, etc., and the Group’s significant risks were identified as 10 items. At the same time, the Group reorganizes its risk response system, including the divisions

in charge and the executive body to which they report, and reports the results to the RMP. Furthermore, following the receipt of a recommendation from the Japan Fair Trade Commission on February 20, 2025, based on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, we have once again recognized the importance of legal compliance and have identified compliance risks.

Group's significant risks common to the entire Group and market-specific risks that the Company faces are summarized in the table below.

(i) Company-wide risks

No.	Item	Impact and likelihood of occurrence	Risks	Countermeasures
1	Human resource risks	Medium and High	<ul style="list-style-type: none"> • Failure to achieve staffing plans due to difficulties in formulating recruitment strategies and developing career prospects, driven by the diversification and specialization of the ideal personnel profile required by each business unit • Declining in team management quality and increasing in employee turnover, driven by the rapid increase in workloads for managers, such as supporting diverse work styles and employee development, and the advancement of management skills 	<ul style="list-style-type: none"> • Rebuilding integrated recruitment strategies tailored to the hiring environment for each business unit, and optimizing the allocation of human resources within the Group through the utilization of Internal recruitment system, etc. Additionally, continuously reinforcing and reviewing compensation systems and training frameworks to promote employee retention and growth • Reducing the workload for managers, expanding management training, fostering psychological safety, and building a healthy organizational culture
2	International situation and geopolitical risks	Medium and Medium	<ul style="list-style-type: none"> • Negative impact on business operations due to the lack of a system for gathering and utilizing strategic information regarding changes in the political situation and international relations • Increase in regional conflicts against a backdrop of declining influence of international organizations, and the impact on the safety of the Group's bases deployed in various countries 	<ul style="list-style-type: none"> • Establishment of a system enabling specialized analysis of changes in political situations and international relations, as well as assessment of their impact on business operations, and promotion of economic security measures • Formulation of risk scenarios to prepare for emergencies and development of safety assurance measures
3	Supply chain risks	Medium and High	<ul style="list-style-type: none"> • Restrictions on market access and disruptions/instability in supply chains due to rising protectionism and an increase in regional conflicts • Inadequate response to business succession risks due to the aging of suppliers and the tightening of regulations for the protection of small and medium-sized businesses • Insufficient awareness that the Group's economic activities may contribute to human rights issues 	<ul style="list-style-type: none"> • Strategic implementation of geopolitical diversification and multi-sourcing of suppliers. Building medium-to-long-term and resilient supply chains that consider business succession risks • Strengthening responses to human rights due diligence, etc., and enhancing internal education

No.	Item	Impact and likelihood of occurrence	Risks	Countermeasures
4	Climate change and natural disasters	High and Small	<ul style="list-style-type: none"> Declining competitiveness in international markets and loss of business opportunities due to delayed responses to decarbonization within the Group and our products Direct damage to the Company's facilities and the supply chain caused by natural disasters, including increasingly severe weather-related disasters 	<ul style="list-style-type: none"> Projection of risks and opportunities and implementation of countermeasures based on diverse, long-term scenario analyses -> For details on climate-related scenario analysis, please refer to "Climate-related Disclosures (TCFD Recommendations)" section on the Company's website.*1 Promotion of 2050 EBARA Group carbon neutrality measures -> For details, please refer to the "Carbon Neutrality Efforts by the EBARA Group" section on the Company's website.*2 Transition from a business continuity plan focused primarily on domestic earthquake countermeasures to an all-hazards type of business continuity plan including overseas Group companies
5	Risks related to changes in market conditions	Medium and Medium	<ul style="list-style-type: none"> Impact on business performance mainly due to foreign exchange rate fluctuations and rising interest rates Loss of market share due to delayed response to demand fluctuations caused by the shortening of business cycles, particularly in the semiconductor industry 	<ul style="list-style-type: none"> Continuing risk diversification through the five-company system by target market, and expanding a stable earnings base by strengthening the service and solutions business Establishing a production system responsive to economic fluctuations and accelerating decision-making
6	Failure in technological innovation and research and development	High and Small	<ul style="list-style-type: none"> In a rapidly changing market environment, delays in responding to customer demands and loss of competitive advantage due to shortages of human resources supporting technological innovation and insufficient collaboration between research and development and business strategies Inability to create new added value due to a shortage of human resources with a strong spirit of challenge 	<ul style="list-style-type: none"> Formalizing knowledge and know-how related to research and development activities, and improving development efficiency and quality through utilizing AI. Strengthening collaboration with business division leaders. Increasing experiences in cross-cultural and value creation through rotation of engineers and researchers, as well as external co-creation and collaboration, to develop "human resources who are not afraid of failure" and will lead the next generation
7	Cybersecurity risks	Medium and Medium	<ul style="list-style-type: none"> External cyber-attacks, human negligence by the Company or contractors, as well as natural disasters, infrastructure failures, or other unforeseen events could result in the suspension of important operations and services for long periods, leakage of confidential and personal information, destruction or falsification of important data, and trigger risks affecting the entire supply chain 	<ul style="list-style-type: none"> Introduction of multi-layered technical defenses, development of ISO 27001-compliant systems, and establishment of their PDCA cycle Enhancing defensive capabilities by securing human resources for information security and implementing continuous education and training in response to changing attack trends (such as the increase in account takeover attacks) Enhancing the security literacy of Group employees Strengthening supply chain management capacity
8	M&A	Medium and Small	<ul style="list-style-type: none"> Negative impacts on the Company due to failure to identify inappropriate matters during due diligence that could significantly affect the target company's financial condition and business operations Failure to achieve expected synergies due to inadequate or delayed post-acquisition integration processes 	<ul style="list-style-type: none"> Establishment of a specialized department to accelerate project execution, accumulate M&A expertise, and develop human resources, and examination of inappropriate events by experts in each field Establishment of a promotion system for smooth integration through collaboration between the responsible departments of the company and corporate, and confirmation of its progress

No.	Item	Impact and likelihood of occurrence	Risks	Countermeasures
9	Quality risks	Medium and Small	<ul style="list-style-type: none"> Continued product development that relies excessively on the knowledge and know-how of veteran employees leads to negative impacts on product quality due to their retirement. Triggering quality fraud due to the arbitrariness of judgments based on internal standards and organizational logic 	<ul style="list-style-type: none"> Transforming quality assurance processes through digital visualization and sharing of historical data, know-how, etc. Thorough implementation of ethics education and governance for engineers, and fostering a culture that prioritizes quality, emphasizing thorough early precaution and prevention of issues
10	Compliance risks	Medium and Small	<ul style="list-style-type: none"> Serious legal violations, etc. by the Company's officers and employees due to weakening awareness of legal compliance or the formalization of systems. Economic losses due to damages, etc., loss of order opportunities and decline in social reputation due to administrative dispositions 	<ul style="list-style-type: none"> Identifying laws and regulations significantly impacting the Group, clarifying responsible departments, and thoroughly implementing early response through monitoring from the early stages of regulatory changes, impact investigations, and operating escalation systems Optimizing organizational structures to enable appropriate guidance and supervision of subordinates, and fostering a culture where reporting and consultation are not discouraged

Notes: 1. Climate-related Disclosures (TCFD Recommendations): <https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html>
2. Carbon Neutrality Efforts by the Group: <https://www.ebara.co.jp/en/sustainability/environment/information/carbon-neutrality.html>

(ii) Risks by Major Markets

Segment	Major markets	Main products	Major risks	Countermeasures
Building Service & Industrial	Building and industry equipment	Standard pumps (surface pumps, submersible pumps, and booster pumps), freezer chillers, blowers, and fans	<ul style="list-style-type: none"> • Tightening of regulations and intensification of price competition in areas where demand is growing • Deterioration in earnings due to market contraction caused by reduced demand for building equipment in areas with declining populations • Compliance risks, including responses to export restrictions and sanctions 	<ul style="list-style-type: none"> • Competitive edge maintenance through differentiation of product development, focus on S&S operations, and operational streamlining • Implement strategic optimization of resources in global markets • Continuous compliance education and internal audits
Energy	Oil and gas Power facility New energy	Custom pumps, compressors and turbines, cryopumps and expanders	<ul style="list-style-type: none"> • Occurrence of drastic changes in demand due to oil price fluctuations • Changes in the demand trends of customers due to the transition to a decarbonized society • Risks of a decline in market share due to a decline in order volumes and sales prices during an economic downturn, which may result in excess production capacity, putting pressure on profits, or a shortage of production capacity, including supply chain-related shortages, during an economic turnaround • Compliance risks, including responses to export restrictions and sanctions 	<ul style="list-style-type: none"> • Promotion of businesses related to next-generation energy such as hydrogen energy • Formulation and execution of investment plans and resource management with high prediction accuracy made possible through confirmation of leading indicators, etc. in response to changes in demand • Reduction of break-even point through lead time shortening, design and manufacturing automation, and other streamlining measures in response to changes in demand • Ensuring stable profits through a higher proportion of S&S business in response to changes in demand • Continuous compliance education and internal audits
Infrastructure	Water infrastructure	Custom pumps (agricultural pumps, drainage pumps, water and sewerage pumps), and fans for tunnels	<ul style="list-style-type: none"> • Tightening of regulations and intensification of price competition in overseas markets • Compliance risks specific to public works 	<ul style="list-style-type: none"> • Competitive edge maintenance through differentiation of product development, focus on S&S operations, and operational streamlining • Shifting of resources toward global markets • Continuous compliance education and internal audits
Environmental Solutions	Solid waste treatment	Municipal waste processing plants, and industrial waste incineration plants	<ul style="list-style-type: none"> • Decrease in waste to be incinerated due to population decline and shift to circular economy • Lack of plant operation staff due to contraction of the labor market • Compliance risks specific to public works • Facility fires caused by lithium-ion battery ignition, etc. 	<ul style="list-style-type: none"> • Competitive edge maintenance through differentiation of new technology, life cycle assessment (LCA), etc., and operational streamlining • Continuous compliance education and internal audits • Strengthen both software and hardware measures for fire prevention, early detection, and suppression of fire spread

Segment	Major markets	Main products	Major risks	Countermeasures
Precision Machinery	Semiconductor manufacturing	Dry vacuum pumps, CMP equipment, plating equipment, and exhaust-gas treatment equipment	<ul style="list-style-type: none"> • Risks of impact on earnings and market share due to changes in customer investment and operations and supply-demand imbalances caused by fluctuations in semiconductor demand • Compliance risks, including responses to export restrictions • Risks of human resource shortages due to competition for recruiting personnel in the semiconductor industry 	<ul style="list-style-type: none"> • Formulation and execution of investment plans and resource management with high prediction accuracy made possible through confirmation of leading indicators, etc. • Reduction of break-even point through lead time shortening, design and manufacturing automation, and other streamlining measures • Ensuring stable profits through a higher proportion of S&S business • Continuous compliance education and internal audits • Rebuilding the human resources strategy and promoting measures to enhance engagement

(4) Status of response to visible risks

In the event of a situation that may have a significant impact on management and requires a company-wide response, a risk response task force headed by the President and Representative Executive Officer is established as a system of response to risks ensuring prompt reporting, communication, and decision making company-wide. The risks that became apparent during the 161st fiscal year and our response to those risks are as follows.

(i) Compliance Risks such as Legal and Regulatory Compliance

On February 20, 2025, the Company received a recommendation from the Japan Fair Trade Commission pursuant to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (hereinafter, the “Subcontract Act”). We have launched the Groupwide Fair Procurement Promotion Program to prevent recurrence and build sound relationships with suppliers, aiming to comply with the Subcontract Act and other relevant laws and regulations. Specifically, this involves proper mold management, fair transactions (prevention of payment delays, price reductions, undue pressure to lower prices, refusal of acceptance, issuance of notes difficult to discount, refusal of receipts, unilateral price determination that refuses consultation, etc.), appropriate handling of price pass-throughs, review and development of related business processes, internal regulations and systems. Progress on implementing measures is regularly reported to the RMP, maintaining an effective monitoring system.

In order to identify the latest laws and regulations the Group must comply with not only the Subcontract Act (to be revised to the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operator in January 2026) and other relevant laws and regulations but also other laws and regulations, and further deepen compliance management, we newly established a “Legal Revision Response Committee.” We have established a system to implement timely and appropriate countermeasures for regulatory revisions by gathering information on regulatory revisions as early as possible, analyzing their impact, and forming task forces as necessary. In addition, under the leadership of the Chief Risk Officer (CRO), we have established compliance policies for revised laws and regulations, and are striving to ensure thorough awareness among all business managers and Group companies, as well as to implement monitoring.

(ii) Response to Geopolitical Risks

Since April 2025, Executive Officers and others have regularly shared information and discussed countermeasures on events of concern arising from the US-China economic conflict, U.S. tariff policies, and other geopolitical issues. During the escalation of tensions between Israel and Iran in June 2025, we considered evacuation plans for our expatriate staff and their families. Amidst a major turning point in the international situation, we expanded the functions of the trade management department to advance economic security measures and establish a compliance system for economic sanctions. Going forward, we will strive to achieve the strategic indispensability and autonomy of the Group’s business through formulating risk scenarios, analyzing impacts on the supply chain, etc.

(iii) Issues in Environment and Occupational Safety

Among the accidents occurring at the Company’s facilities in 2025, some cases had the potential to lead to serious consequences. Accordingly, as a result of conducting a cross-departmental investigation and verification, it was revealed that the focus on prioritizing project progress had led to the mere passage of construction reviews becoming an objective in itself, resulting in a weakening of safety awareness during the planning and implementation phases of construction. To implement fundamental reforms for safety improvement, we established a department in 2026 that integrally promotes EHS (Environment, Health & Safety). Going forward, we will implement consistent measures across the entire Group to foster an organizational culture that prioritizes safety.

(iv) Response to Megathrust Earthquake in Japan

Following the issuance of the “Off the Coast of Hokkaido and Sanriku Subsequent Earthquake Advisory” On December 9, 2025, we instructed employees in the government-designated areas (7 prefectures) to reconfirm earthquake preparedness and make preparations for immediate evacuation. In particular, at bases in the Tsunami Evacuation Countermeasures Specially Reinforced Areas, working from home became a principle rule and the Company established a constant communication system between the Head Office and personnel responsible for disaster prevention. Following the conclusion of the special advisory period, we confirmed that there were no operational obstructions and transitioned to normal operations on December 16, 2025. We have established internal guidelines in reference to the “Nankai Trough Earthquake Extra Information Disaster Response Guidelines (Cabinet Office)” revised in August 2025 to ensure consistency between the two earthquake information systems.

4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

For the fiscal year ended December 31, 2025, the overview of the financial position, operating results, and cash flows (hereinafter "operating results") of the Group, and views and issues analyzed/considered with regard to the status of operating results from the management's perspective, are as follows.

This document contains forward-looking statements, which are based on the Group's estimates and assumptions as of the filing date of this Securities Report.

(1) Business Performance

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change	Change (%)
Orders received	860,579	949,683	89,103	10.4
Revenue	866,668	958,285	91,617	10.6
Operating profit	97,953	113,802	15,848	16.2
Operating profit ratio (%)	11.3	11.9	—	—
Profit attributable to owners of parent	71,401	76,633	5,232	7.3
Basic earnings per share (Yen)	154.62	166.31	11.69	7.6

During the fiscal year ended December 31, 2025, the Japanese economy continued to recover moderately in terms of personal consumption and corporate capital investment. The global economy showed signs of picking up, although there was a downside risk due to the stagnation in Chinese economy. On the other hand, geopolitical risks such as U.S. policy trends, tightening of semiconductor export control regulations due to conflicts between the U.S. and China, the situations in Ukraine and the Middle East require close monitoring.

Under these circumstances, the Group formulated E-Plan 2025, a three-year medium-term management plan starting in 2023. Under the theme of "creating value from the customer's perspective," we have shifted to an organization by target market to further strengthen competitiveness, and we are moving forward with various measures to achieve our management indicators.

Orders received for the fiscal year ended December 31, 2025, decreased year-on-year in Energy Business due to the absence of large-scale projects that occurred in the previous fiscal year. On the other hand, orders increased year-on-year in Environmental Business due to the receipt of large-scale projects. Orders increased year-on-year in Precision Machinery Business due to the recovery in semiconductor demand, including for generative AI, leading to increased factory utilization rates and the resumption of production expansion investments at some customers. As a result, overall orders increased year-on-year. Revenue increased in all segments, and operating profit increased due to contributions from Precision Machinery, Environment, and Infrastructure Businesses, as well as the absence of an impairment loss on goodwill recorded in Building Service & Industrial Business in the previous fiscal year.

As a result, in the fiscal year ended December 31, 2025, consolidated orders received amounted to ¥949,683 million (an increase of 10.4% year-on-year), revenue amounted to ¥958,285 million (an increase of 10.6% year-on-year), operating profit amounted to ¥113,802 million (an increase of 16.2% year-on-year), and profit attributable to owners of parent amounted to ¥76,633 million (an increase of 7.3% year-on-year). All of them replaced the past highest records.

Operating results by business segment are as follows:

(Millions of yen)

Segment	Orders received			Revenue			Segment profit		
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (%)	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (%)	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (%)
Building Service & Industrial	244,401	249,285	2.0	238,182	241,938	1.6	10,341	15,251	47.5
Energy	222,743	194,777	(12.6)	210,434	217,845	3.5	28,008	25,943	(7.4)
Infrastructure	60,559	62,973	4.0	51,118	57,143	11.8	3,697	4,680	26.6
Environmental Solutions	71,594	135,392	89.1	87,438	97,864	11.9	8,445	13,003	54.0
Precision Machinery	260,059	303,447	16.7	278,378	342,267	23.0	50,133	57,773	15.2
Total of reportable segments	859,359	945,875	10.1	865,552	957,059	10.6	100,625	116,652	15.9
Others	1,220	3,808	212.2	1,115	1,225	9.9	(2,826)	(2,294)	—
Adjustment	—	—	—	—	—	—	153	(556)	—
Total	860,579	949,683	10.4	866,668	958,285	10.6	97,953	113,802	16.2

Building Service & Industrial

In the construction service market, although a recovery has been seen in Japan, the Middle East and Europe, other regions remain sluggish. Orders received rose year on year due to capitalizing on domestic demand for Service & Support, as well as steady growth in demand for data center-related products in North America despite weakness in China. Revenue increased due to strong performance in Service & Support in Japan, and solid performance overseas, particularly in North America, the Middle East and Europe despite weakness in China. Segment profit increased due to the absence of goodwill impairment loss recorded for our subsidiary, Vansan, in Turkey.

As a result, in the fiscal year ended December 31, 2025, orders received amounted to ¥249,285 million, up ¥4,883 million year-on-year. Revenue amounted to ¥241,938 million, up ¥3,756 million year-on-year; and operating profit amounted to ¥15,251 million, up ¥4,909 million year-on-year.

Energy

In the petrochemical market, the overall market remained calm, while in the LNG market, customer investment appetite is recovering in North America. Orders received for products decreased year on year due to the decrease in petrochemical orders. However, orders were robust for the electricity market in China. Orders received for Service & Support decreased year on year due to a decline in field service and parts. Revenue increased due to solid performance in Service & Support in the Middle East and Asia, although revenue from products decreased year on year. Segment profit decreased primarily due to a rise in fixed costs.

As a result, in the fiscal year ended December 31, 2025, orders received amounted to ¥194,777 million, down ¥27,966 million year-on-year. Revenue amounted to ¥217,845 million, up ¥7,411 million year-on-year; and operating profit amounted to ¥25,943 million, down ¥2,064 million year-on-year.

Infrastructure

Orders received increased from the previous fiscal year as demand for renewal and repair in the domestic public pump market remained steady, and orders for large projects were received in South and North America. Revenue increased due to steadily reducing the order backlog of domestic public projects and overseas. Segment profit increased due to the effect of increased revenue.

As a result, in the fiscal year ended December 31, 2025, orders received amounted to ¥62,973 million, up ¥2,413 million year-on-year. Revenue amounted to ¥57,143 million, up ¥6,024 million year-on-year; and operating profit amounted to ¥4,680 million, up ¥983 million year-on-year.

Environmental Solutions

Orders received increased compared to the previous fiscal year due to receiving four large scale orders for renovation and rehabilitation to extend the lifespan of waste treatment plants. Revenue increased due to the growth in O&M (Operation & Maintenance: the operation and maintenance of plants), and segment profit also increased mainly due to the effect of increased revenue and improved profitability.





As a result, in the fiscal year ended December 31, 2025, orders received amounted to ¥135,392 million, up ¥63,797 million year-on-year. Revenue amounted to ¥97,864 million, up ¥10,425 million year-on-year; and operating profit amounted to ¥13,003 million, up ¥4,557 million year-on-year.


Precision Machinery

In the semiconductor market, customer factory utilization rates continue to show signs of recovery, driven primarily by demand for generative AI; however, a full-scale resumption of increased production investment is lagging initial expectations. In addition, while the Chinese market has moderated from previous high growth, it continues to maintain a solid scale. Orders received and revenue increased from the previous fiscal year for both products and Service & Support due to a recovery in demand for CMP and components. Segment profit increased due to the positive effects of higher revenue.




As a result, in the fiscal year ended December 31, 2025, orders received amounted to ¥303,447 million, up ¥43,387 million year-on-year. Revenue amounted to ¥342,267 million, up ¥63,888 million year-on-year; and operating profit amounted to ¥57,773 million, up ¥7,640 million year-on-year.

Outline of Business Environment and Situation by Business Segment

Segment	Business environment in the fiscal year ended December 31, 2025	Business situation and the trend of orders received (Note 1)
Building Service & Industrial	<p>(Overseas)</p> <ul style="list-style-type: none"> Markets in North America continue to stagnate as construction costs rise and labor shortages continue to weigh on. In Europe, unstable energy supplies and geopolitical risk restrain investment appetite, and the construction equipment market continues to be sluggish. In China, the real estate market continues to adjust, private investment in the residential and commercial sectors is being restrained, and the building equipment market is declining. <p>(Japan)</p> <ul style="list-style-type: none"> In the Building equipment market, the number of construction starts has decreased due to the impact of the rise in construction costs. Demand in the service market continues to be on an upward trend. In the industrial market, major changes are anticipated in the medium to long term, such as the consideration of capital investment with an eye to decarbonization and the conversion of the business structure, but they are currently trending steadily. On the other hand, capital investment has been stagnant due to sluggish domestic and overseas manufacturing and construction industries, resulting in a decline in demand for steel, and a slump in the domestic steel industry caused by an increase in imports. 	<p>(Overseas)</p> <ul style="list-style-type: none"> Orders received are firm in Europe, the U.S. and Asia, but whole orders received decreased year on year due to an economic downturn in China. <p>(Japan)</p> <ul style="list-style-type: none"> Orders received for Services & Support were firm, and whole orders received increased year-on-year. 
Energy	<ul style="list-style-type: none"> In the new apparatus field, demand in the oil & gas market is trending upward in the Middle East region, while the petrochemical market is generally calm. In the LNG market, customer investment appetite is recovering in North America. The Chinese electricity market continues to be active. In the service field, demand for maintenance has run its course and there are signs that it will return to its normal level, but it has recently been firm. 	<ul style="list-style-type: none"> Orders received in the new apparatus decreased year-on-year. Orders received in the service field decreased year-on-year. 
Infrastructure	<p>(Overseas)</p> <ul style="list-style-type: none"> In the water infrastructure market, demand in Southeast Asia is driven by demand for pumps driven by economic growth. In North America, demand is robust due to improvements such as the aging of facilities. In China, there is a tendency toward a slowdown in public investment due to the government's fiscal stimulus, but a certain level of demand continues. <p>(Japan)</p> <ul style="list-style-type: none"> Investment in the renewal and repair of social infrastructure has been firm. The public sector construction market has been moving in line with the usual year. Demand for after-sales of existing facilities continues to be firm. 	<p>(Overseas)</p> <ul style="list-style-type: none"> Orders received for water infrastructure is almost flat year-on-year. <p>(Japan)</p> <ul style="list-style-type: none"> Orders received for the public sector increased year-on-year due to steady progress from ongoing measures, such as comprehensive evaluation projects and an increase in orders for aftersales services. 
Environmental Solutions (Note 2)	<p>(Japan)</p> <ul style="list-style-type: none"> Demand for new construction of waste treatment facilities for the public sector is trending as usual. Orders for O&M at existing facilities are trending as usual. Construction demand for woody biomass power generation facilities for the private sector and industrial waste treatment facilities such as waste plastics continues at a certain level. 	<p>(Japan)</p> <ul style="list-style-type: none"> Due to orders for large-scale projects, EPC remained flat, O&M grew significantly and greatly exceeded the previous year. <p>(Overview of large-scale orders received)</p> <ul style="list-style-type: none"> Construction to improve basic facilities for waste treatment facilities for the public sector (two projects) One long-term comprehensive management contract and a core facility improvement project for a public waste treatment facility (two projects) 

Segment	Business environment in the fiscal year ended December 31, 2025	Business situation and the trend of orders received (Note 1)
Precision Machinery	<ul style="list-style-type: none"> Customer factory utilization rates continue to recover, mainly due to demand for generative AI, but the full-scale resumption of capacity expansion investments is delayed from initial expectations. 	<ul style="list-style-type: none"> Product orders are performing well for logic/foundry applications, and while orders for memory applications exceeded the previous year, full-scale resumption of customer investment is expected from 2026 onwards. In addition, Service & Support orders exceeded the previous year as customer factory utilization rates recovered. 

Notes: 1. Arrows indicate a year-on-year increase/decrease in orders received:

in the case of +5% or more increase:  in the case of -5% or greater decrease:  in the case of movement within the -5% and +5% range: 

2. EPC (Engineering, Procurement, Construction): The engineering, procurement, and construction of plants
O&M (Operation & Maintenance): The operation and maintenance of plants

Status of production, orders received and sales are as follows:

(i) Actual Production

Actual production by segment during the fiscal year ended December 31, 2025 is as follows:

Segment	Production (Millions of yen)	YoY change (%)
Reportable segments		
Building Service & Industrial	235,367	3.1
Energy	205,926	0.9
Infrastructure	52,728	7.7
Environmental Solutions	23,376	2.2
Precision Machinery	248,503	15.5
Total of reportable segments	765,902	6.5
Others	218	(8.8)
Total	766,120	6.4

(ii) Overview of Orders Received

The overview of orders received by segment during the fiscal year ended December 31, 2025 is as follows:

Segment	Orders received (Millions of yen)	YoY change (%)	Backlog of orders received (Millions of yen)	YoY change (%)
Reportable segments				
Building Service & Industrial	249,285	2.0	75,789	10.3
Energy	194,777	(12.6)	213,790	(10.6)
Infrastructure	62,973	4.0	83,453	8.5
Environmental Solutions	135,392	89.1	384,675	11.7
Precision Machinery	303,447	16.7	151,591	(19.3)
Total of reportable segments	945,875	10.1	909,300	(0.8)
Others	3,808	212.2	2,719	1,882.1
Total	949,683	10.4	912,020	(0.6)

(iii) Actual Sales

Actual sales by segment during the fiscal year ended December 31, 2025 are as follows:

Segment	Sales (Millions of yen)	YoY change (%)
Reportable segments		
Building Service & Industrial	241,938	1.6
Energy	217,845	3.5
Infrastructure	57,143	11.8
Environmental Solutions	97,864	11.9
Precision Machinery	342,267	23.0
Total of reportable segments	957,059	10.6
Others	1,225	9.9
Total	958,285	10.6

Note: The amounts in (i) through (iii) above are based on sales prices and represent amounts after elimination of intersegment transactions.

(2) Financial Position

(i) Assets

Total assets as of December 31, 2025 were ¥1,082,201 million, ¥77,115 million higher than as of December 31, 2024. Principal changes are a decrease of ¥27,546 million in cash and cash equivalents, a decrease of ¥8,265 million in inventories, an increase of ¥56,040 million in property, plant and equipment, an increase of ¥38,897 million in trade and other receivables, an increase of ¥7,676 million in goodwill and intangible assets, and an increase of ¥7,565 million in other current assets.

(ii) Liabilities

Total liabilities as of December 31, 2025 were ¥560,534 million, ¥40,785 million higher than as of December 31, 2024. Principal changes are a decrease of ¥26,280 million in contract liabilities, a decrease of ¥19,276 million in trade and other payables, an increase of ¥74,303 million in bonds, borrowings and lease liabilities, an increase of ¥8,644 million in other current liabilities, and an increase of ¥3,200 million in provisions.

(iii) Equity

Equity as of December 31, 2025 amounted to ¥521,666 million, ¥36,329 million higher than as of December 31, 2024. Principal changes are the recording of profit attributable to owners of parent of ¥76,633 million, and an increase of ¥7,500 million in exchange differences on translation of foreign operations, while dividends of ¥27,718 million were paid and treasury shares of ¥20,077 million were acquired. Total equity attributable to owners of parent amounted to ¥508,875 million, and the ratio of equity attributable to owners of parent was 47.0%.

(3) Analysis and Review of the Status of Cash Flows and Information on the Source of Capital and Liquidity of Funds

(i) Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥40,755 million for the fiscal year ended December 31, 2025, an inflow decrease of ¥60,184 million compared to the previous year. Although profit before tax increased by 11.1% year-on-year to ¥110,977 million, this is primarily attributable to an increase in trade and other receivables, a decrease in contract liabilities, and a decrease in trade and other payables.

Net cash used in investing activities amounted to a net outflow of ¥91,232 million for the fiscal year ended December 31, 2025, an outflow increase of ¥42,677 million compared to the previous year. This is primarily due to the purchase of non-current assets of ¥92,214 million.

Free cash flows, the sum of cash flows from operating and investing activities, amounted to a net outflow of ¥50,476 million for the fiscal year ended December 31, 2025, a decrease of ¥102,862 million in net inflow compared to the previous year.

Net cash used in financing activities amounted to a net inflow of ¥16,836 million for the fiscal year ended December 31, 2025, an increase of ¥48,752 million in net inflow compared to the previous year. This is primarily due to a net increase of ¥88,662 million in short-term borrowings and long-term borrowings, dividends paid of ¥27,718 million, purchase of treasury shares of ¥20,077 million, and redemption of bonds of ¥15,000 million.

As a result, cash and cash equivalents as of December 31, 2025 amounted to ¥143,485 million, a decrease of ¥27,546 million from the previous year.

(ii) Basic Policy for Financial Strategies

The Group's basic policy for financial strategies is to prioritize growth investments that contribute to maximizing medium- to long-term corporate value under E-Plan 2028, and to allocate residual cash primarily to shareholder returns to maintain an optimal capital structure. We will utilize debt while maintaining a D/E ratio as financial discipline at a benchmark of 0.4 to 0.5 times based on keeping a "single A flat"* credit rating, which we consider sufficient for the promotion of our current business. As for shareholder returns policy, while maintaining a consolidated dividend payout ratio of 35% or higher, we will continuously carry out the acquisition of treasury shares as an adjustment to achieve an appropriate level of equity in line with the ROE target, provided that necessary investments are made and financial discipline is maintained. Based on the above, we will implement shareholder returns (dividends and acquisition of treasury shares) equivalent to 100% or more of the cumulative free cash flow (excluding cash inflows from asset sales and reductions) over a three-year period.

(*) A rating by Rating and Investment Information, Inc. (R&I)

(iii) Financing

The Group will make effective use of not only internal funds, mainly consisting of operating cash flows, but also external funds, such as borrowings from financial institutions and the issuance of bonds, as working capital required for business operations and investment funds for growth. We promote the use of debt based on a D/E ratio of 0.4 to 0.5.

We also intend to control the level of cash and deposits (liquidity on hand) within an appropriate range of 1.5 to 2 months' worth of consolidated revenue. In addition, we secure alternative liquidity by entering into commitment line agreements to address unforeseen events such as financial risks, and overdraft agreements to address fluctuations in cash on hand mainly due to seasonal factors. In order to increase the efficiency of funds within the Group, we have a system in place to concentrate funds in the Company.

Contract types and balance of unexecuted borrowings as of the end of the fiscal year under review are as follows.

Type	Amount
Overdraft contract	¥55,000 million
Commitment line contracts	¥100,000 million
Balance of executed borrowings	¥70,000 million
Balance of unexecuted borrowings	¥85,000 million

(4) Significant Accounting Estimates and Underlying Assumptions

The consolidated financial statements of the Group are prepared in compliance with IFRS Accounting Standards. In preparing its consolidated financial statements, the Group makes various estimates and assumptions based on conditions at the end of the period. These estimates and assumptions affect the consolidated financial statements and contingent liabilities.

For further details, please refer to “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, 3. Material accounting policies” and “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, 4. Significant accounting estimates and related judgments.”

5. Significant Contracts

(1) Technology Introduction Contracts

There are no important contracts to be reported.

(2) Licensing Contracts

There are no important contracts to be reported.

(3) Business Alliance Contracts

There are no important contracts to be reported.

(4) Acquisition Contracts

At a meeting of the Board of Directors held on November 11, 2025, the Company resolved to acquire a part of the business of Mitsubishi Electric Corporation (“Mitsubishi Electric”) and a part of the business of one of its subsidiaries. On November 12, 2025, the Company reached the business transfer agreement with both companies.

For further details, please refer to “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, 42. Additional Information.”

(5) Monetary Loan Agreement with Financial Covenants

As of December 31, 2025, the Company has entered into the following monetary loan agreements with financial covenants.

Monetary loan agreements with similar financial covenants have been aggregated.

Date of conclusion of monetary loan agreements	September 2019 to September 2025
Counterparty attributes	City banks, regional banks
Debt balance as of December 31, 2025	¥61,000 million
Debt repayment period	January 2026 to December 2030
Collateral attached to the debt	Unsecured
Details of financial covenants	Maintain the total equity amount in the consolidated statement of financial position at the end of each fiscal year at 70% or more of the total equity amount in the consolidated statement of financial position at the end of the immediately previous fiscal year.

6. Research and Development Activities

The Group undertakes R&D activities aimed at realizing the “E-Vision 2030,” our value creation story formulated in 2020. In order to contribute sustainably to society through the process of resolving the “five material issues” that we have identified as key issues, we are engaged in R&D activities in the R&D organization of each business division and the corporate R&D organization.

Each business division and Group company effectively pursued R&D for practical application of new technologies and application of new products, as well as R&D for increasing added value of our technologies and products, through collaboration with external organizations, such as business alliances.

The corporate R&D organization works closely with business divisions to develop the common foundation and strategically important core technologies that support these businesses. In this fiscal year, to further advance the strengthening of research human resource in the nano field focused on the previous fiscal year, we transferred the human resources for fundamental technology development in companies to the corporate R&D organization. In addition to this, we enhanced the meeting structure to strengthen collaboration, thus establishing a system that enables efficient and prompt transfer of research results to business operations. Furthermore, at the R&D Strategy Formulation Committee, we continuously conducted theme selection activities to formulate a medium- to long-term technology development strategy with an eye to 2030 and beyond. This activity identifies themes necessary for solving social issues by starting with long-term megatrends, then repeatedly conducts proof-of-concept testing to develop them into research themes. This process creates research themes essential for solving future social issues and for the Company’s growth. Additionally, development of virtual, augmented, and mixed reality (xR) technologies utilizing the Ebara Innovation for X (EIX) system, a system for creating new businesses, has already reached the practical application stage at several departments, contributing to the digital transformation of manufacturing sites. Furthermore, the development of the Company’s original “Decentralized Autonomous AI Agent,” which learns internal technical information and knowledge to support employees’ technical and R&D activities, is steadily progressing.

In the hydrogen-related business, we have further strengthened our activities toward the social implementation of clean hydrogen-related technologies in all areas of production, transport, and use by leveraging the technologies and know-how possessed by the entire company. Liquid hydrogen centrifugal pumps are essential for developing the global liquid hydrogen supply chain under consideration for 2030. The Company has pioneered their development, participated in demonstration projects, and commenced verification. Additionally, the solution development we have been undertaking, such as actual liquid testing of plunger pumps for hydrogen stations and long-term operational verification of a hydrogen-powered absorption chiller-heater, has progressed and entered a business phase involving orders. In the aerospace industry area, development and liquid testing of fuel supply pumps for satellite rockets and hydrogen aircraft are progressing as planned, reaching the stage of launching into the market through joint development with customers. In the hydrogen-related business, we are vigorously advancing the exploration of new markets such as hydrogen and aerospace, as well as the development of new technologies, accelerating the creation of businesses that will contribute to future growth.

The turquoise hydrogen production using natural gas has passed the stage-gate review for the NEDO (New Energy and Industrial Technology Development Organization) commissioned project, and its continuation has been decided through March 2026. This decision recognizes the technology that successfully decomposed over 94% of methane and produced highly pure hydrogen using the process utilizing the Company’s original catalyst.

In the marine sector, a demonstration facility for land-based aquaculture in Shizuoka Prefecture started operations and commenced production and shipments in 2025. We will reflect the challenges gained from this facility into developing products in order to contribute to a world with ample food and water.

In the biotechnology field, we have developed a recirculating culture device capable of large-scale cell cultivation. To demonstrate its usefulness, we have also conducted performance evaluations at external institutions. Based on these evaluation results, we are further improving the device and aim to begin test sales during the fiscal year ending December 31, 2026.

In the manufacturing technology sector, we have promoted faster prototype development in EMTAC (Ebara Manufacturing Technology Advanced Center), a demonstration development environment, established at the Sodegaura District to support manufacturing technologies across the Group, targeting casting, welding/joining, machining, pressing, surface modification, 3D (fabrication/measurement), and non-destructive (CT) technologies. To realize “delivering development prototypes within three days,” we are adopting new manufacturing technologies such as incremental forming and bioplastic injection molding, and promoting faster prototype development and advancing the development of new manufacturing technologies. Additionally, we have centralized departments related to additive manufacturing (AM) technology into manufacturing technology-related departments to accelerate business development in development, prototyping, and production.

In the production process technology sector, we are strengthening production systems by introducing process optimization through

production line simulation and automatic analysis using AI image analysis.

R&D expenses for the fiscal year ended December 31, 2025 amounted to ¥23,233 million.

Activities by business segment are as follows:

Building Service & Industrial (BSI)

In the Building Service & Industrial (BSI) field, in addition to the development of products and services related to standard pumps, fans, and freezer chillers, we are working to solve more complex customer issues by exploring and proposing solution technologies through a combination of these products.

In standard pumps, the BSI Company expanded the lineup of a high-efficiency variable-speed pump series equipped with an inverter-integrated PM motor (IVM: Intelligent Variable-speed Motor). By leveraging their features such as high energy savings (an average 35% reduction in power consumption) and ease of replacement with existing pumps, they contribute to reducing energy costs for a wide range of customers and achieving carbon neutrality. Additionally, we have launched sales of the “Model DKE Anti-Clog Submersible Wastewater Pump” for the global market, which combines a design resistant to clogging by foreign materials and a high-efficiency operation. This product has been sold in the United States since 2023, and we have expanded sales regions to Europe, China, Southeast Asia, the Middle East, and other areas.

In freezer chillers, the BSI Company is continuously expanding its product lineup including waste heat recovery products, such as environmentally friendly heat pumps, and turbo and screw chillers that use refrigerants with low global warming potential, and is working to expand the range of applications.

For industrial chillers, the BSI Company is continuing market evaluations in order to verify the stability of operation and energy-saving effects. For advanced etching equipment in the semiconductor industry, we are developing products to address the ongoing trend toward extreme low-temperature manufacturing processes, aimed at enhancing circuit processing precision and etching speed on wafers. Additionally, in response to market demands such as reduced power consumption and elimination of fluorocarbons, we continue developing equipment that uses natural refrigerants to pursue reductions in power consumption and cooling water usage.

In fans, the BSI Company is continuing development activities that contribute to a sustainable society by further improving fan efficiency for energy savings and switching to materials with a lower rare metal content.

In the remote monitoring solution, we focused on the market implementation of the EBARA Maintenance Cloud, a remote monitoring system, aiming to deliver value such as automation of condition monitoring, labor savings in inspections, and optimization of lifecycle costs across building equipment, production equipment, and heat source equipment.

During the fiscal year ended December 31, 2025, the BSI Company made R&D expenditures of ¥5,505 million.

Energy

In the Energy field, as the market environment enters a period of significant transformation, the Energy Company is working to develop products for next-generation energy, including hydrogen, ammonia, and CCUS, to support the energy transition and expand its product lineup.

In compressors, the Energy Company is advancing the development of high-efficiency, space-saving CO₂ and hydrogen compressors for sustainability-related applications and preparing for their market launch.

In turbines, the Energy Company has completed the development of new high-efficiency turbines that contribute to conserving energy and resources and is promoting their sales. Additionally, the Energy Company continues to develop elemental technologies to improve the performance and reliability of compressors, turbines, and cryopumps.

In custom pumps, the canned motor pumps for ammonia, whose development was completed last year, has received numerous inquiries primarily from within Japan, and orders have begun to come in.

Furthermore, in order to support customers in solving issues, such as reducing maintenance costs and CO₂ emissions and ensuring the long-term stable operation of plants, and to help them maximize plant profitability, the Energy Company is advancing Proof of Concept (PoC) with domestic and international customers toward the commercialization of remote monitoring and predictive diagnostics using on-site customer data and its proprietary rotating machinery technologies.

During the fiscal year ended December 31, 2025, the Energy Company made R&D expenditures of ¥2,678 million.

Infrastructure

In the Infrastructure field, the Infrastructure Company engages in development activities related to products, system technologies, and construction to achieve optimization in line with the characteristics of each customer in Japan and overseas. It also conducts

continual developments not only to produce equipment that meets various needs depending on the application and usage environment, but also to improve management and operation technology, conserve energy and resources, and reduce environmental impact.

Meanwhile, at the Futtsu Plant, which manufactures custom pump products, in addition to the Infrastructure Company, we continue to support development at overseas plants in the energy, construction, and industrial fields, and carry out efforts to supply products that meet decarbonization needs.

During the fiscal year ended December 31, 2025, the Infrastructure Company made R&D expenditures of ¥752 million.

Environmental Solutions (ES)

In the Environmental Solutions field, the ES Company is engaged in design, build, and operate (DBO) services for waste incineration facilities, which entail providing engineering, procurement, and construction (EPC) services and operation and maintenance (O&M) services on a comprehensive basis. The ES Company is also developing the facility life extension business that proposes ways to extend the life of existing facilities as well as the long-term comprehensive management business where it is entrusted with long-term services of existing facilities. In these situations, the ES Company is developing new products and technologies that help strengthen facilities' functionality through upgrades and reduce life cycle costs. Its development activities also include improving repair, maintenance, and operating technologies, and the ES Company is promoting the utilization of AI/ICT technology with a view to realizing autonomous operation. In addition, the ES Company is working to develop element technologies for improving power generation efficiency and operational stability in industrial waste incineration facilities and biomass power generation facilities with the expectation of expanding demand for renewable energy. Furthermore, the ES Company is developing recycling technology for chemical recycling of waste plastics to contribute to the carbon neutrality and reduction of marine pollution caused by plastics, which have recently become global trends.

During the fiscal year ended December 31, 2025, the ES Company made R&D expenditures of ¥2,287 million.

Precision Machinery (PM)

In the Precision Machinery field, the PM Company is working to enhance and improve existing equipment and develop new models to meet the technology requirements for high-performance computing fields, such as generative AI and automatic driving, that are growing rapidly, including the miniaturization of chips, three-dimensional integration, and new packaging technology, an area of increasing importance, in semiconductor device manufacturing processes. As for component products, the PM Company is developing products that can further contribute to energy savings, space-saving and reduced environmental footprints, and take advantage of our strengths as a comprehensive exhaust abatement system manufacturer. Furthermore, it is also working to improve productivity and quality through DX and xR technologies, as well as to work towards the commercialization of remote monitoring and predictive diagnostics that support stable operations of customers.

Also, the PM Company is continuing research on next-generation semiconductor processing technologies through joint development and consortia with customers and joint research with prominent universities.

During the fiscal year ended December 31, 2025, the PM Company made R&D expenditures of ¥12,009 million.

III. Facilities

1. Overview of Capital Investment

For the fiscal year under review, the Group implemented capital investments amounting to ¥100,735 million, primarily for the expansion of production capability and increasing productivity. In addition to property, plant and equipment, investment amounts include investments in intangible assets.

Principal capital investments by business segment are as follows. Please note that these investment amounts include inter-segment transactions.

(Building Service & Industrial)

Investments were made primarily for the maintenance and enhancement of production capability and the increase in productivity. The amount of capital investment was ¥15,095 million.

(Energy)

Investments were made primarily for the maintenance and enhancement of production capability and the increase in productivity. The amount of capital investment was ¥14,535 million.

(Infrastructure)

Investments were made primarily for the maintenance and enhancement of production capability and the increase in productivity. The amount of capital investment was ¥1,590 million.

(Environmental Solutions)

Investments were made primarily for the maintenance and enhancement of production capability and the development of technology. The amount of capital investment was ¥2,106 million.

(Precision Machinery)

Investments were made primarily for the maintenance and enhancement of production capability and the increase in productivity. The amount of capital investment was ¥34,009 million.

(Others)

Investments were made primarily for information technology equipment and software. The amount of capital investment was ¥33,851 million.

2. Major Facilities

(1) Reporting Company

As of December 31, 2025

District name (Location)	Segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area/ thousands of m ²)	Right-of-use assets	Others	Total	
Futtsu District (Futtsu-shi, Chiba)	Building Service & Industrial, Energy, Infrastructure	Facilities for production of pumps, etc.	4,310	389	1,850 (103)	0	38	6,586	300
Sodegaura District (Sodegaura-shi, Chiba)	Energy	Facilities for production of compressors and turbines, etc.	79	0	1,820 (143)	0	8	1,908	0
Fujisawa District (Fujisawa-shi, Kanagawa)	Building Service & Industrial	Facilities for production of pumps and freezer chillers, etc.	886	1,749	347 (141)	0	26	3,009	529
Fujisawa District (Fujisawa-shi, Kanagawa)	Precision Machinery	Facilities for production and development of semiconductor manufacturing equipment and vacuum pumps, etc.	25,894	18,490	491 (199)	106	1,697	46,678	1,383
Kumamoto District (Tamana-gun, Kumamoto)	Precision Machinery	Facilities for production of semiconductor manufacturing equipment, etc.	11,542	2,802	2,150 (203)	19	505	17,017	270
Head Office, etc. (Ota-ku, Tokyo, etc.)	Others	Information infrastructure equipment and office buildings, etc.	16,100	2,323	1,893 (14)	7,681	1,942	29,939	845

- Notes: 1. Amounts based on IFRS Accounting Standards are stated for carrying amount.
2. Among carrying amount, "Others" represents tools, furniture and fixtures, and excludes construction in progress.

(2) Domestic Subsidiaries

As of December 31, 2025

Company name (Location)	Segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area/ thousands of m ²)	Right-of-use assets	Others	Total	
EBARA FAN & BLOWER CO., LTD. (Suzuka-shi, Mie, etc.) (Note 4)	Building Service & Industrial	Facilities for production of fans, etc.	747	766	109 (60) [34]	49	81	1,753	219
Elliott Ebara Turbomachinery Corporation (Sodegaura-shi, Chiba) (Note 5)	Energy	Facilities for production of compressors and turbines, etc.	1,113	3,814	—	237	86	5,252	549
Chubu Recycle Co., Ltd. (Nagoya-shi, Aichi) (Note 3)	Environment al Solutions	Facilities for melting and recycling of incinerator ash and fly ash, etc.	544	771	— [39]	387	23	1,727	58

- Notes: 1. Amounts based on IFRS Accounting Standards are stated for carrying amount.
2. Among carrying amount, "Others" represents tools, furniture and fixtures, and excludes construction in progress.
3. The area related to land-use rights is in brackets [].
4. The area of land leased from parties other than consolidated companies is in brackets [].
5. The Company is leasing the land and buildings, etc.

(3) Overseas Subsidiaries

As of December 31, 2025

Company name (Location)	Segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area/ thousands of m ²)	Right-of-use assets	Others	Total	
EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD. (China) (Note 3)	Building Service & Industrial	Facilities for production of refrigeration and heating equipment, etc.	1,918	565	— [194]	569	300	3,352	412
Ebara Pumps Europe S.p.A. (Italy) (Note 4)	Building Service & Industrial	Facilities for production of pumps, etc.	1,107	2,420	56 (25) [35]	1,691	23	5,299	496
Elliott Company (United States)	Energy	Facilities for production of compressors and turbines, etc.	11,954	10,833	244 (380)	762	538	24,333	1,252
EBARA MACHINERY ZIBO CO., LTD. (China) (Note 3)	Energy	Facilities for production of pumps, etc.	771	638	— [59]	380	127	1,918	389
Ebara Environmental Engineering (China) Co., Ltd (China) (Note 3)	Environmental Solutions	A-class boilers, incinerators, dryers, and other core equipment for environmental improvement, etc.	2,198	864	— [74]	900	—	3,962	408
Ebara Precision Machinery Korea Inc. (Korea)	Precision Machinery	Facilities for production of component devices and semiconductor manufacturing equipment, etc.	1,325	1,181	421 (22)	106	17	3,052	296
Ebara Precision Machinery Taiwan Inc. (Taiwan)	Precision Machinery	Facilities for production of vacuum pumps and CMP equipment, etc.	630	678	762 (7)	642	73	2,787	557

- Notes: 1. Amounts based on IFRS Accounting Standards are stated for carrying amount.
2. Among carrying amount, "Others" represents tools, furniture and fixtures, and excludes construction in progress.
3. The area related to land-use rights is in brackets [].
4. The area of land leased from parties other than consolidated companies is in brackets [].

3. Plan of New Installation and Disposal of Facilities

(1) New Installation of Major Facilities

Company/district name (Location)	Segment	Facilities	Investment plan (Millions of yen)	Financing method
Reporting company				
Fujisawa District (Fujisawa-shi, Kanagawa)	Building Service & Industrial	Facilities for production of pumps, etc.	4,000	Self-funding, etc.
Head Office, etc. (Ota-ku, Tokyo, etc.)	Building Service & Industrial	Information infrastructure equipment	2,000	Self-funding, etc.
Elliott Ebara Turbomachinery Corporation (Sodegaura-shi, Chiba)	Energy	Facilities for production and testing of compressors and turbines, etc.	1,700	Self-funding, etc.
Elliott Company (U.S.A.)	Energy	Facilities for production and testing of compressors and turbines, etc. and service shops, etc.	6,700	Self-funding, etc.
Reporting company				
Futtsu District (Futtsu-shi, Chiba)	Infrastructure	Facilities for production of pumps, etc.	2,000	Self-funding, etc.
Head Office, etc. (Ota-ku, Tokyo, etc.)	Infrastructure	Information infrastructure equipment	500	Self-funding, etc.
Reporting company				
Fujisawa District (Fujisawa-shi, Kanagawa)	Precision Machinery	Facilities for production of semiconductor manufacturing equipment and vacuum pumps, etc.	6,100	Self-funding, etc.
Kumamoto District (Tamana-gun, Kumamoto)	Precision Machinery	Facilities for production of semiconductor manufacturing equipment, etc.	1,400	Self-funding, etc.
Head Office, etc. (Ota-ku, Tokyo, etc.)	Precision Machinery	Information infrastructure equipment	3,300	Self-funding, etc.
Ebara Precision Machinery Taiwan Incorporated (Taiwan)	Precision Machinery	Facilities for production of vacuum pumps, etc.	6,800	Self-funding, etc.
HEFEI EBARA PRECISION MACHINERY CO., LTD. (China)	Precision Machinery	Facilities for production of vacuum pumps, etc.	1,900	Self-funding, etc.
Ebara Precision Machinery Korea Inc. (Korea)	Precision Machinery	Facilities for production of vacuum pumps, etc.	2,400	Self-funding, etc.
Reporting company				
Head Office, etc. (Ota-ku, Tokyo, etc.)	Others	Information infrastructure equipment and office buildings, etc.	16,000	Self-funding, etc.

Note: Description of production capacity in relation to the addition of above-stated facilities is omitted because products of different type, performance, etc. are manufactured at each facility mainly to meet individual orders of the customers and it is difficult to measure such capacity.

(2) Disposal of Major Facilities

There are no matters to be reported.

IV. Information about Reporting Company

1. Company's Shares

(1) Total Number of Shares

(i) Authorized Shares

Class	Number of shares authorized (shares)
Common shares	1,000,000,000
Total	1,000,000,000

(ii) Issued Shares

Class	Number of issued shares as of fiscal year end (shares) (December 31, 2025)	Number of issued shares as of filing date (shares) (March 23, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	462,199,185	457,201,185	Prime Market of the Tokyo Stock Exchange	Shares with full voting rights, which are standard shares of the Company with no restrictions on rights. The number of shares constituting one unit is 100 shares.
Total	462,199,185	457,201,185	–	–

- Notes: 1. Based on a resolution at the Board of Directors meeting held on February 13, 2026, the Company retired treasury shares effective February 27, 2026, resulting in a reduction of 5,000,000 shares in the total number of shares issued.
2. During the period from January 1, 2026 and February 28, 2026, the Company issued 2,000 shares upon exercise of subscription rights to shares (stock options).
3. The number of issued shares as of the filing date does not include shares issued upon exercise of subscription rights to shares between March 1, 2026 and the filing date of this Securities Report.

(2) Subscription Rights to Shares

(i) Stock Option Plan

The Company has adopted a stock option plan under which subscription rights to shares are issued in accordance with the Companies Act.

The Company conducted a stock consolidation at a ratio of one share for every five shares effective on October 1, 2016 based on a resolution of the 151st Ordinary General Meeting of Shareholders held on June 24, 2016. The Company also changed the number of shares constituting one unit from 1,000 shares to 100 shares as of October 1, 2016 based on a resolution at the Board of Directors meeting held on May 11, 2016. Furthermore, based on a resolution at the Board of Directors meeting held on March 12, 2024, the Company conducted a stock split at a ratio of five shares for every one share, effective July 1, 2024. As a result, as for the subscription rights to shares presented from i) to vi) below, “number of shares underlying subscription rights to shares” and “issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares” are adjusted in accordance with the issuance procedure.

The details of the plan are as follows.

i) 3rd Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 12, 2011 (Title and number of grantees: 8 Directors (excluding Outside Directors) and 23 Executive Officers (<i>shikkou-yakuin</i>) of the Company)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	121 (Note 1)	121 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	121,000 common shares (Note 1)	121,000 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From July 1, 2014 to June 30, 2026	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 246 Amount of capital incorporation: 123 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 1,000 common shares. However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or reverse stock split after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥245 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director or Executive Officer (*shikkou-yakuin*) shall be offset by the same amount of compensation claims as those rights held by the Director or Executive Officer (*shikkou-yakuin*) at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors or Executive Officers (*shikkou-yakuin*) of the Company and within five years after their retirement.
 - (2) If the Company’s consolidated return on invested capital (ROIC; hereinafter the “Attained Performance”) for the final fiscal year that ends within a three-year period after the grant date (hereinafter the “Final Fiscal Year”) reaches 8.0% (hereinafter the “Target Performance”), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may only exercise the subscription rights to shares for a number (a fraction less than one unit shall be discarded) calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance).
 - (3) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she

may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.

(4) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the Final Fiscal Year, whichever is later.

5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the “Reorganization Activity”), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the “Reorganized Company”) shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the “Remaining Share Subscription Rights”) based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:

(1) Class of shares of the Reorganized Company underlying subscription rights to shares

Such shares shall be the Reorganized Company’s common shares.

(2) Number of shares of the Reorganized Company underlying subscription rights to shares

The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.

(3) Amount of assets to be contributed upon exercise of subscription rights to shares

The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.

(4) Period during which subscription rights to shares may be exercised

The period shall be the same as the exercise period of the Remaining Share Subscription Rights.

(5) Restrictions on the acquisition of subscription rights to shares by transfer

The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.

(6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

ii) 5th Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 9, 2013 (Title and number of grantees: 5 Directors (excluding Outside Directors) and 4 Executive Officers (<i>shikkou-yakuin</i>) of the Company, and 7 Directors and Executive Officers of subsidiaries)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	31 (Note 1)	31 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	31,000 common shares (Note 1)	31,000 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From July 1, 2014 to June 30, 2026	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 521 Amount of capital incorporation: 260.5 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 1,000 common shares.

However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or stock consolidation after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥520 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director or Executive Officer (*shikkou-yakuin*) of the Company or its subsidiary shall be offset by the same amount of compensation claims as those rights held by the Director or Executive Officer (*shikkou-yakuin*) at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors or Executive Officers (*shikkou-yakuin*) of the Company or its subsidiaries and within five years after their retirement.
 - (2) If the Company’s consolidated return on invested capital (ROIC; hereinafter the “Attained Performance”) for the final fiscal year that ends within a one-year period after the grant date (hereinafter the “Final Fiscal Year”) reaches 8.0% (hereinafter the “Target Performance”), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may only exercise the subscription rights to shares for a number (a fraction less than one unit shall be discarded) calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance).

- (3) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.
- (4) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the Final Fiscal Year, whichever is later.
5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the “Reorganization Activity”), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the “Reorganized Company”) shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the “Remaining Share Subscription Rights”) based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:
- (1) Class of shares of the Reorganized Company underlying subscription rights to shares
- Such shares shall be the Reorganized Company’s common shares.
- (2) Number of shares of the Reorganized Company underlying subscription rights to shares
- The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.
- (3) Amount of assets to be contributed upon exercise of subscription rights to shares
- The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.
- (4) Period during which subscription rights to shares may be exercised
- The period shall be the same as the exercise period of the Remaining Share Subscription Rights.
- (5) Restrictions on the acquisition of subscription rights to shares by transfer
- The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.
- (6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

iii) 6th Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 9, 2014 (Title and number of grantees: 8 Directors (excluding Outside Directors) and 19 Executive Officers (<i>shikkou-yakuin</i>) of the Company, and 16 Directors and Executive Officers (<i>shikkou-yakuin</i>) of subsidiaries)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	177 (Note 1)	177 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	177,000 common shares (Note 1)	177,000 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From July 1, 2017 to June 30, 2029	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 614 Amount of capital incorporation: 307 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 1,000 common shares.

However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or stock consolidation after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥613 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director or Executive Officer (*shikkou-yakuin*) of the Company or its subsidiaries shall be offset by the same amount of compensation claims as those rights held by the Director or Executive Officer (*shikkou-yakuin*) at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors or Executive Officers (*shikkou-yakuin*) of the Company or its subsidiaries and within five years after their retirement.
 - (2) If the Company’s consolidated return on invested capital (ROIC; hereinafter the “Attained Performance”) for the final fiscal year that ends within a three-year period after the grant date (hereinafter the “Final Fiscal Year”) reaches 7.0% (hereinafter the “Target Performance”), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may not exercise the subscription rights to shares in excess of the number (hereinafter the “Performance Adjusted Upper Limit on Exercisable Rights”) calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance). However, an exception may be made when a Share Subscription Right Holder was also allocated other subscription rights to shares during the period from October 1, 2014 to the final day of the Final Fiscal Year, but this provision will be limited to share-based payment stock option that is similar to the

subscription rights to shares (hereinafter the “Similar Subscription Rights to Shares”). Should the Performance Adjusted Upper Limit on Exercisable Rights for Similar Subscription Rights to Shares allocated prior to the allocation of the subscription rights to shares include a fraction less than one, this fraction will be carried forward to the Performance Adjusted Upper Limit on Exercisable Rights for the subscription rights to shares. One is the unit of exercise of the subscription rights to shares and the fraction is not exercisable.

- (3) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.
- (4) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the Final Fiscal Year, whichever is later.

5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the “Reorganization Activity”), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the “Reorganized Company”) shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the “Remaining Share Subscription Rights”) based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:

- (1) Class of shares of the Reorganized Company underlying subscription rights to shares

Such shares shall be the Reorganized Company’s common shares.

- (2) Number of shares of the Reorganized Company underlying subscription rights to shares

The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.

- (3) Amount of assets to be contributed upon exercise of subscription rights to shares

The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.

- (4) Period during which subscription rights to shares may be exercised

The period shall be the same as the exercise period of the Remaining Share Subscription Rights.

- (5) Restrictions on the acquisition of subscription rights to shares by transfer

The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.

- (6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

iv) 7th Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 8, 2015 (Title and number of grantees: 11 Non-executive Directors (including Outside Directors) and 12 Executive Officers (<i>shikkou-yaku</i>) and 3 Executive Officers (<i>shikkou-yakuin</i>) of the Company, and 5 Directors and Executive Officers (<i>shikkou-yakuin</i>) of subsidiaries)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	31 (Note 1)	31 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	31,000 common shares (Note 1)	31,000 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From July 1, 2017 to June 30, 2029	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 400 Amount of capital incorporation: 200 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 1,000 common shares.

However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or stock consolidation after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥399 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director, Executive Officer (*shikkou-yaku*) or Executive Officer (*shikkou-yakuin*) of the Company or its subsidiary shall be offset by the same amount of compensation claims as those rights held by the Director, Executive Officer (*shikkou-yaku*) or Executive Officer (*shikkou-yakuin*) at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors, Executive Officers (*shikkou-yaku*) or Executive Officers (*shikkou-yakuin*) of the Company or its subsidiaries and within five years after their retirement.
 - (2) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.
 - (3) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the final fiscal year that ends within a two-year period from the grant date (hereinafter the “Final Fiscal Year”), whichever is later.

(4) The following conditions shall be stipulated in the allocation agreement to be concluded between the Company and those granted the subscription rights to shares, depending on their attributes. One is the unit of exercise of the subscription rights to shares and the fraction is not exercisable.

(i) When those granted subscription rights to shares are Executive Officers (*shikkou-yaku*) or Executive Officers (*shikkou-yakuin*) of the Company or Directors or Executive Officers (*shikkou-yakuin*) of subsidiaries of the Company as of the grant date

(Attained performance conditions)

If the Company's consolidated return on invested capital (ROIC; hereinafter the "Attained Performance") for the Final Fiscal Year reaches 7.0% (hereinafter the "Target Performance"), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may not exercise the subscription rights to shares in excess of the number (hereinafter the "Performance Adjusted Upper Limit on Exercisable Rights") calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance).

However, an exception may be made when a Share Subscription Right Holder was also allocated other subscription rights to shares during the period from October 1, 2014 to the final day of the Final Fiscal Year, but this provision will be limited to share-based payment stock option that is similar to the subscription rights to shares (hereinafter the "Similar Subscription Rights to Shares"). Should the Performance Adjusted Upper Limit on Exercisable Rights for Similar Subscription Rights to Shares allocated prior to the allocation of the subscription rights to shares include a fraction less than one, this fraction will be carried forward to the Performance Adjusted Upper Limit on Exercisable Rights for the subscription rights to shares. Other details are stipulated in the contracts for allocation of subscription rights to shares.

(ii) When those granted subscription rights to shares are Outside Directors of the Company as of the grant date

(Restrictions on exercise period)

Regardless of the exercise period, subscription rights to shares may not be exercisable until the day on which three years have elapsed after the grant date of subscription rights to shares.

(iii) When those granted subscription rights to shares are Non-executive Directors (excluding Outside Directors) of the Company as of the grant date

The restrictions on the exercise period described in (ii) above shall apply to all or part of the subscription rights to shares to be granted to Non-Executive Directors, and the attained performance conditions described in (i) above shall apply to the remainder thereof. Details are stipulated in the contracts for allocation of subscription rights to shares.

5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the "Reorganization Activity"), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the "Reorganized Company") shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the "Remaining Share Subscription Rights") based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:

(1) Class of shares of the Reorganized Company underlying subscription rights to shares

Such shares shall be the Reorganized Company's common shares.

(2) Number of shares of the Reorganized Company underlying subscription rights to shares

The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.

(3) Amount of assets to be contributed upon exercise of subscription rights to shares

The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.

(4) Period during which subscription rights to shares may be exercised

The period shall be the same as the exercise period of the Remaining Share Subscription Rights.

(5) Restrictions on the acquisition of subscription rights to shares by transfer

The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.

(6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

v) 8th Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 13, 2016 (Title and number of grantees: 11 Non-executive Directors (including Outside Directors), 4 Executive Officers (<i>shikkou-yaku</i>) and 1 Executive Officer (<i>shikkou-yakuin</i>) of the Company, and 5 Directors and Executive Officers (<i>shikkou-yakuin</i>) of subsidiaries)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	8 (Note 1)	8 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	8,000 common shares (Note 1)	8,000 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From July 1, 2017 to June 30, 2029	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 550.6 Amount of capital incorporation: 275.3 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 1,000 common shares.

However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or reverse stock split* after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

*This does not include the stock consolidation of common shares that the Company has conducted with an effective date of October 1, 2016.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥549.6 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director, Executive Officer (*shikkou-yaku*) or Executive Officer (*shikkou-yakuin*) of the Company or its subsidiary shall be offset by the same amount of compensation claims as those rights held by the Director, Executive Officer (*shikkou-yaku*) or Executive Officer (*shikkou-yakuin*) at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors, Executive Officers (*shikkou-yaku*) or Executive Officers (*shikkou-yakuin*) of the Company or its subsidiaries and within five years after their retirement.
 - (2) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.

- (3) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the final fiscal year that ends within a one-year period from the grant date (Final Fiscal Year), whichever is later.
- (4) The following conditions shall be stipulated in the allocation agreement to be concluded between the Company and those granted the subscription rights to shares, depending on their attributes. One is the unit of exercise of the subscription rights to shares and the fraction is not exercisable.
- (i) When those granted subscription rights to shares are Executive Officers (*shikkou-yaku*) or Executive Officers (*shikkou-yakuin*) of the Company or Directors or Executive Officers (*shikkou-yakuin*) of subsidiaries of the Company as of the grant date

(Attained performance conditions)

If the Company's consolidated return on invested capital (ROIC; hereinafter the "Attained Performance") for the Final Fiscal Year reaches 7.0% (hereinafter the "Target Performance"), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may not exercise the subscription rights to shares in excess of the number (hereinafter the "Performance Adjusted Upper Limit on Exercisable Rights") calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance). However, an exception may be made when a Share Subscription Right Holder was also allocated other subscription rights to shares during the period from October 1, 2014 to the final day of the Final Fiscal Year, but this provision will be limited to share-based payment stock option that is similar to the subscription rights to shares (hereinafter the "Similar Subscription Rights to Shares"). Should the Performance Adjusted Upper Limit on Exercisable Rights for Similar Subscription Rights to Shares allocated prior to the allocation of the subscription rights to shares include a fraction less than one, this fraction will be carried forward to the Performance Adjusted Upper Limit on Exercisable Rights for the subscription rights to shares. Other details are stipulated in the contracts for allocation of subscription rights to shares.

- (ii) When those granted subscription rights to shares are Outside Directors of the Company as of the grant date

(Restrictions on exercise period)

Regardless of the exercise period, subscription rights to shares may not be exercisable until the day on which three years have elapsed after the grant date of subscription rights to shares.

- (iii) When those granted subscription rights to shares are Non-executive Directors (excluding Outside Directors) of the Company as of the grant date

The restrictions on the exercise period described in (ii) above shall apply to all or part of the subscription rights to shares to be granted to Non-Executive Directors, and the attained performance conditions described in (i) above shall apply to the remainder thereof. Details are stipulated in the contracts for allocation of subscription rights to shares.

5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the "Reorganization Activity"), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the "Reorganized Company") shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the "Remaining Share Subscription Rights") based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is

indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:

- (1) Class of shares of the Reorganized Company underlying subscription rights to shares

Such shares shall be the Reorganized Company's common shares.

- (2) Number of shares of the Reorganized Company underlying subscription rights to shares

The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.

- (3) Amount of assets to be contributed upon exercise of subscription rights to shares

The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.

- (4) Period during which subscription rights to shares may be exercised

The period shall be the same as the exercise period of the Remaining Share Subscription Rights.

- (5) Restrictions on the acquisition of subscription rights to shares by transfer

The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.

- (6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

vi) 9th Series Subscription Rights to Shares (share-based payment stock option)

Resolution as of September 11, 2017 (Title and number of grantees: 10 Non-executive Directors (including Outside Directors), 12 Executive Officers (<i>shikkou-yaku</i>) and 19 Advisory Officers of the Company, and 10 Directors and Advisory Officers of subsidiaries)		
	As of December 31, 2025	As of the month end prior to the filing date (February 28, 2026)
Number of subscription rights to shares (units)	123 (Note 1)	119 (Note 1)
Class, details and number of shares underlying subscription rights to shares (shares)	61,500 common shares (Note 1)	59,500 common shares (Note 1)
Paid-in amount upon exercise of subscription rights to shares (yen)	1 (Note 2)	Same as the left
Exercise period of subscription rights to shares	From April 1, 2020 to March 31, 2032	Same as the left
Issue price and the amount of capital incorporation of the shares issued upon exercise of subscription rights to shares (yen)	Issue price: 691.6 Amount of capital incorporation: 345.8 (Note 3)	Same as the left
Conditions for exercising subscription rights to shares	(Note 4)	Same as the left
Matters related to the transfer of subscription rights to shares	The acquisition of the subscription rights to shares by transfer shall require the approval of the Company.	Same as the left
Matters related to the issuance of subscription rights to shares associated with the Reorganization Activity	(Note 5)	Same as the left

Notes: 1. The number of shares underlying the subscription rights to shares (hereinafter the “Number of Granted Shares”) shall be 500 common shares.

However, in the case that the Company conducts a stock split (including gratis allocation of common shares of the Company; the same shall apply hereinafter) or reverse stock split after the grant date, the Company shall adjust the Number of Granted Shares in accordance with the following formula:

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In addition to the above, if there is an unavoidable circumstance that requires an adjustment to the Number of Granted Shares after the grant date, the Number of Granted Shares shall be adjusted to the extent reasonable.

2. The assets to be contributed upon exercise of the subscription rights to shares shall be in cash form, and the amount shall be ¥1, which is the amount to be paid in per share issued upon exercise of the subscription rights to shares (exercise price), multiplied by the Number of Granted Shares.
3. The issue price is the sum of the amount to be paid in upon exercise of each subscription right to shares (¥1 per share) and the fair value of each subscription right to shares (¥690.6 per share) at the grant date. The amount equivalent to the fair value of subscription rights to shares to be allocated to each Director, Executive Officer (*shikkou-yaku*) or Advisory Officer of the Company or its subsidiary shall be offset by the same amount of compensation claims as those rights held by the Director, Executive Officer (*shikkou-yaku*) or Advisory Officer at the grant date.
4. (1) Persons to whom the subscription rights to shares are to be allocated (hereinafter “Share Subscription Right Holders”) may exercise their subscription rights to shares only during their terms of office as Directors, Executive Officers (*shikkou-yaku*) or Advisory Officers of the Company or its subsidiaries and within five years after their retirement.
 - (2) When a Share Subscription Right Holder is recognized to have executed his/her official duties in an illegal or improper manner during his/her term of office, the Company may restrict the number of subscription rights to shares that he/she may exercise based on a resolution by the Board of Directors. In such cases, the Share Subscription Right Holder in question may not exercise the subscription rights to shares in excess of the restriction.
 - (3) When a Share Subscription Right Holder dies, his/her heirs may exercise the subscription rights to shares until a date three months after the day following the date of his/her death or until a date six months after the last day of the final fiscal year that ends within a three-year period from the grant date (Final Fiscal Year), whichever is later.

(4) The following conditions shall be stipulated in the allocation agreement to be concluded between the Company and those granted the subscription rights to shares, depending on their attributes. One is the unit of exercise of the subscription rights to shares and the fraction is not exercisable.

(i) When those granted subscription rights to shares are Executive Officers (*shikkou-yaku*) or Advisory Officers of the Company, or Directors or Advisory Officers of subsidiaries of the Company as of the grant date

(Attained performance conditions)

If the Company's consolidated return on invested capital (ROIC; hereinafter the "Attained Performance") for the Final Fiscal Year reaches 8.0% (hereinafter the "Target Performance"), Share Subscription Right Holders may exercise all the allocated subscription rights to shares. On the other hand, if the Target Performance is not met, they may not exercise the subscription rights to shares in excess of the number (hereinafter the "Performance Adjusted Upper Limit on Exercisable Rights") calculated by multiplying the number of allocated rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the Attained Performance by the Target Performance). However, an exception may be made when a Share Subscription Right Holder was also allocated other subscription rights to shares during the period from October 1, 2017 to the final day of the Final Fiscal Year, but this provision will be limited to share-based payment stock option that is similar to the subscription rights to shares (hereinafter the "Similar Subscription Rights to Shares"). Should the Performance Adjusted Upper Limit on Exercisable Rights for Similar Subscription Rights to Shares allocated prior to the allocation of the subscription rights to shares include a fraction less than one, this fraction will be carried forward to the Performance Adjusted Upper Limit on Exercisable Rights for the subscription rights to shares. Other details are stipulated in the contracts for allocation of subscription rights to shares.

(ii) When those granted subscription rights to shares are Outside Directors of the Company as of the grant date

(Restrictions on exercise period)

Regardless of the exercise period, subscription rights to shares may not be exercisable until the day on which three years have elapsed after the grant date of subscription rights to shares.

(iii) When those granted subscription rights to shares are Non-executive Directors (excluding Outside Directors) of the Company as of the grant date

The restrictions on the exercise period described in (ii) above shall apply to all or part of the subscription rights to shares to be granted to Non-Executive Directors, and the attained performance conditions described in (i) above shall apply to the remainder thereof. Details are stipulated in the contracts for allocation of subscription rights to shares.

5. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or a share exchange or share transfer (hereinafter the "Reorganization Activity"), subscription rights to shares in stock companies specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter the "Reorganized Company") shall be issued to the respective Share Subscription Right Holders who hold remaining subscription rights to shares as of the effective date of the Reorganization Activity (hereinafter the "Remaining Share Subscription Rights") based on the following conditions in individual cases. In such a case, the Remaining Share Subscription Rights shall cease to exist, and the Reorganized Company shall newly issue subscription rights to shares. However, the foregoing shall be limited to cases where it is indicated in an absorption-type or incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that subscription rights to shares of the Reorganized Company are to be issued in accordance with the following conditions:

(1) Class of shares of the Reorganized Company underlying subscription rights to shares

Such shares shall be the Reorganized Company's common shares.

(2) Number of shares of the Reorganized Company underlying subscription rights to shares

The number of shares shall be determined in the same manner as the proviso in the Note 1 above, taking into account the conditions, etc. of the Reorganization Activity.

(3) Amount of assets to be contributed upon exercise of subscription rights to shares

The amount shall be calculated by multiplying ¥1 per share by the Number of Granted Shares.

(4) Period during which subscription rights to shares may be exercised

The period shall be the same as the exercise period of the Remaining Share Subscription Rights.

(5) Restrictions on the acquisition of subscription rights to shares by transfer

The transfer of the subscription rights to shares shall require the approval of the Reorganized Company.

(6) Other conditions shall be determined in accordance with the conditions for the Remaining Share Subscription Rights.

(ii) Details of Rights Plans

Not applicable.

(iii) Status of Other Subscription Rights to Shares

Not applicable.

(3) Status of Exercise of Bonds with Subscription Rights to Shares with Exercise Price Revision Clause, etc.

Not applicable.

(4) Changes in the Total Number of Shares Issued, Share Capital, etc.

Date	Changes in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From January 1, 2021 to May 11, 2021 (Note 1)	20,800	95,412,253	23	79,474	23	83,402
May 12, 2021 (Note 2)	40,680	95,452,933	101	79,576	101	83,504
From May 13, 2021 to December 31, 2021 (Note 1)	60,700	95,513,633	67	79,643	67	83,571
From January 1, 2022 to January 30, 2022 (Note 1)	5,600	95,519,233	8	79,651	8	83,579
January 31, 2022 (Note 3)	(3,513,400)	92,005,833	—	79,651	—	83,579
From February 1, 2022 to May 11, 2022 (Note 1)	16,200	92,022,033	18	79,670	18	83,598
May 12, 2022 (Note 4)	32,582	92,054,615	97	79,768	97	83,696
From May 13, 2022 to December 31, 2022 (Note 1)	31,400	92,086,015	35	79,804	35	83,732
From January 1, 2023 to May 9, 2023 (Note 1)	41,000	92,127,015	48	79,852	48	83,781
May 10, 2023 (Note 5)	35,667	92,162,682	104	79,957	104	83,885
May 10, 2023 (Note 6)	177,200	92,339,882	519	80,476	519	84,404
From May 11, 2023 to December 31, 2023 (Note 1)	9,200	92,349,082	12	80,489	12	84,417
From January 1, 2024 to May 7, 2024 (Note 1)	16,300	92,365,382	16	80,506	16	84,434
May 8, 2024 (Note 7)	14,365	92,379,747	96	80,602	96	84,530
From May 9, 2024 to June 30, 2024 (Note 1)	20,200	92,399,947	20	80,623	20	84,551
July 1, 2024 (Note 8)	369,599,788	461,999,735	—	80,623	—	84,551
From July 2, 2024 to December 31, 2024 (Note 1)	56,000	462,055,735	15	80,639	15	84,567
From January 1, 2025 to May 6, 2025 (Note 1)	18,500	462,074,235	5	80,644	5	84,572
May 7, 2025 (Note 9)	115,950	462,190,185	104	80,748	104	84,677
From May 8, 2025 to December 31, 2025 (Note 1)	9,000	462,199,185	2	80,751	2	84,679

Notes: 1. The increase was due to the exercise of subscription rights to shares (stock options).

2. The increase was due to the issuance of new shares as restricted stock compensation.

Issue price: ¥5,000

Amount of capital incorporation: ¥2,500

Allottees: 9 Directors, 13 Executive Officers (*shikkou-yaku*), and 18 employees of the Company, and 8 Directors and 1 employee of the subsidiaries

3. The decrease was due to the retirement of treasury shares on January 31, 2022 by the resolution of the Board of Directors meeting held on May 14, 2021.

4. The increase was due to the issuance of new shares as restricted stock compensation.
Issue price: ¥6,010
Amount of capital incorporation: ¥3,005
Allottees: 9 Directors, 14 Executive Officers (*shikkou-yaku*), and 14 employees of the Company, and 6 Directors and 3 employees of the subsidiaries
5. The increase was due to the issuance of new shares as restricted stock compensation.
Issue price: ¥5,860
Amount of capital incorporation: ¥2,930
Allottees: 10 Directors, 13 Executive Officers (*shikkou-yaku*), and 20 employees of the Company, and 8 Directors and 2 employees of the subsidiaries
6. The increase was due to the issuance of new shares as performance-linked stock compensation.
Issue price: ¥5,860
Amount of capital incorporation: ¥2,930
Allottees: 2 Directors, 17 Executive Officers (*shikkou-yaku*), and 25 employees of the Company, and 13 Directors and 3 employees of the subsidiaries
7. The increase was due to the issuance of new shares as restricted stock compensation.
Issue price: ¥13,405
Amount of capital incorporation: ¥6,702.5
Allottees: 9 Directors, 11 Executive Officers (*shikkou-yaku*), and 21 employees of the Company, and 6 Directors and 2 employees of the subsidiaries
8. The increase was due to the stock split (5-for-1 split) conducted on July 1, 2024, pursuant to the resolution of the Board of Directors meeting held on March 12, 2024.
9. The increase was due to the issuance of new shares as restricted stock compensation.
Issue price: ¥1,798.5
Amount of capital incorporation: ¥899.25
Allottees: 9 Directors, 14 Executive Officers (*shikkou-yaku*), and 21 employees of the Company, and 6 Directors and 2 employees of the subsidiaries
10. During the period from January 1, 2026 to February 28, 2026, due to the exercise of subscription rights to shares (stock options), the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 2 thousand shares, ¥0 million and ¥0 million, respectively.
11. Based on a resolution at the Board of Directors meeting held on February 13, 2026, the Company retired treasury shares effective February 27, 2026, resulting in a reduction of 5,000,000 shares in the total number of shares issued.

(5) Shareholding by Shareholder Category

As of December 31, 2025

Category	Status of shares (number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	1	75	58	440	724	202	35,056	36,556	—
Number of shares held (units)	6	1,420,983	125,969	111,449	2,416,919	3,767	540,301	4,619,394	259,785
Percentage of shareholdings (%)	0.00	30.76	2.73	2.41	52.32	0.08	11.70	100.00	—

- Notes: 1. Out of 5,612,828 treasury shares, 56,128 units are included in “Individuals and others” and 28 shares are included in “Shares less than one unit.”
2. The number of shares in “Other corporations” includes 20 units in the name of Japan Securities Depository Center, Incorporated.

(6) Major Shareholders

As of December 31, 2025

Name	Address	Number of shares held (thousands of shares)	Percentage against total shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	77,966	17.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	34,828	7.63
Ichigo Trust Pte. Ltd.(Standing proxy: Securities Services Operations, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	1 North Bridge Road, 06-08 High Street Centre, Singapore 179094 (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	23,765	5.20
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York City, New York 10286 U.S.A. (Transaction Services Division: 1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	11,024	2.41
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	10,813	2.37
STATE STREET BANK AND TRUST COMPANY 505301 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	7,008	1.54
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, U.K. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	6,728	1.47
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York City, New York 10286 U.S.A. (Transaction Services Division: 1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	6,208	1.36
JAPAN SECURITIES FINANCE CO., LTD.	1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo	5,170	1.13
Nippon Life Insurance Company	Nippon Life Securities Operations Department, 1-6-6, Marunouchi, Chiyoda-ku, Tokyo	5,093	1.12
Total	–	188,607	41.31

- Notes: 1. The Company owns 5,612 thousand treasury shares, but they have been excluded from the major shareholders above.
2. Ichigo Trust Pte. Ltd., which was a major shareholder as of December 31, 2024, ceased to be a major shareholder as of December 31, 2025.

3. In the change report pertaining to a report of possession of large volume available for public inspection as of December 3, 2025, it is stated that BlackRock (Japan) Limited and its nine joint holders collectively held 33,798 thousand shares (equivalent to a 7.31% holding ratio of share certificates, etc.) as of November 28, 2025. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
BlackRock (Japan) Limited	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	8,138	1.76
BlackRock Investment Management (Australia) Limited	Chifley Tower L 37, 2 Chifley Sq Sydney, New South Wales, Australia	554	0.12
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	1,044	0.23
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, U.K.	956	0.21
BlackRock (Luxembourg) S.A.	35A, Avenue J.F. Kennedy, L-1855, Luxembourg	631	0.14
BlackRock Asset Management Canada Limited	161 Bay Street #2500, Toronto, Ontario, Canada	640	0.14
BlackRock Asset Management Ireland Limited	2 Ballsbridge Park, 1st Floor, Ballsbridge, Dublin, Ireland	3,780	0.82
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, U.S.A.	9,560	2.07
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, U.S.A.	5,609	1.21
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, U.K.	2,880	0.62

4. In the change report pertaining to a report of possession of large volume available for public inspection as of October 21, 2025, it is stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder held 26,959 thousand shares (equivalent to a 5.83% holding ratio of share certificates, etc.) as of October 15, 2025. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	15,196	3.29
Amova Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	11,763	2.55

5. In the change report pertaining to a report of possession of large volume available for public inspection as of October 7, 2025, it is stated that Nomura Securities Co., Ltd. and its two joint holders collectively held 26,697 thousand shares (equivalent to a 5.78% holding ratio of share certificates, etc.) as of September 30, 2025. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	14	0.00
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	2,804	0.61
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	23,878	5.17

6. In a report of possession of large volume available for public inspection as of September 22, 2025, it is stated that FMR LLC and its joint holder collectively held 23,290 thousand shares (equivalent to a 5.04% holding ratio of share certificates, etc.) as of September 15, 2025. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
FMR LLC	245 Summer Street, Boston, Massachusetts 02210, USA	23,288	5.04
National Financial Services LLC	200 Seaport Blvd, Boston, Massachusetts 02210, USA	1	0.00

7. In the change report pertaining to a report of possession of large volume available for public inspection as of July 18, 2023, it is stated that Mitsubishi UFJ Trust and Banking Corporation and its three joint holders collectively held 4,403 thousand shares (equivalent to a 4.77% holding ratio of share certificates, etc.) as of July 10, 2023. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	2,568	2.78
MUFG Securities EMEA plc	Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ, United Kingdom	650	0.70
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	1,050	1.14
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2 Otemachi, Chiyoda-ku, Tokyo	134	0.15

8. In the change report pertaining to a report of possession of large volume available for public inspection as of October 3, 2019, it is stated that Newton Investment Management Limited and its five joint holders collectively held 4,224 thousand shares (equivalent to a 4.14% holding ratio of share certificates, etc.) as of September 30, 2019. However, they are not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Newton Investment Management Limited	BNY Mellon Centre 160 Queen Victoria Street, London, EC4V 4LA, U.K.	3,070	3.01
BNY Mellon Investment Adviser, Inc.	240 Greenwich Street, New York City, New York 10286, U.S.A.	415	0.41
BNY Mellon Securities Corporation	240 Greenwich Street, New York City, New York 10286, U.S.A.	252	0.25
The Bank of New York Mellon	240 Greenwich Street, New York City, New York 10286, U.S.A.	151	0.15
BNY Mellon, N.A.	One Mellon Center, 500 Grant Street, Pittsburgh, Pennsylvania 15258, U.S.A.	146	0.14
Mellon Investments Corporation	BNY Mellon Center, 1 Boston Place, Boston, MA 02108, U.S.A.	187	0.18

9. In the change report pertaining to a report of possession of large volume available for public inspection as of February 15, 2021, it is stated that Silchester International Investors LLP held 3,907 thousand shares (equivalent to a 4.10% holding ratio of share certificates, etc.) as of February 12, 2021. However, it is not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Silchester International Investors LLP	Time & Life Building, 1 Bruton Street, 5th Floor, London, W1J 6TL, U.K.	3,907	4.10

10. In the change report pertaining to a report of possession of large volume available for public inspection as of December 22, 2021, it is stated that Asset Management One Co., Ltd., a joint holder of Mizuho Securities Co., Ltd., held 3,663 thousand shares (equivalent to a 3.84% holding ratio of share certificates, etc.) as of December 15, 2021. However, it is not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	3,663	3.84

11. In the change report pertaining to a report of possession of large volume available for public inspection as of April 5, 2024, it is stated that Black Creak Investment Management, Inc. held 3,563 thousand shares (equivalent to a 3.86% holding ratio of share certificates, etc.) as of March 29, 2024. However, it is not included in the aforementioned status of major shareholders because the Company was unable to verify the number of shares substantially held by the aforementioned parties as of December 31, 2025.

The detail of the report is as follows:

Name	Address	Number of share certificates, etc. held (thousands of shares)	Holding ratio of share certificates, etc. (%)
Black Creak Investment Management, Inc.	123 Front Street West, Suite 1200, Toronto, Ontario, Canada M5J 2M2	3,563	3.86

(7) Voting Rights

(i) Shares Issued

As of December 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 5,612,800	–	Standard shares of the Company with no restrictions on rights
Shares with full voting rights (other)	Common shares 456,326,600	4,563,266	Same as above
Shares of less than one unit	Common shares 259,785	–	Same as above
Total number of shares issued	462,199,185	–	–
Voting rights held by all shareholders	–	4,563,266	–

Notes: 1. “Shares with full voting rights (other)” includes 2,000 shares in the name of Japan Securities Depository Center, Incorporated. “Number of voting rights” includes 20 units of voting rights related to shares with full voting rights in the name of Japan Securities Depository Center, Incorporated.

2. Common shares in the “Share less than one unit” section include 28 treasury shares held by the Company.

(ii) Treasury Shares

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Percentage against total shares issued (%)
(Treasury shares) EBARA CORPORATION	11-1, Haneda Asahi-cho, Ota-ku, Tokyo	5,612,800	–	5,612,800	1.21
Total	–	5,612,800	–	5,612,800	1.21

2. Acquisition of Treasury Shares

Class of Shares:

Acquisition of common shares under Article 155, Items 3, 7 and, 13 of the Companies Act

(1) Acquisition by Resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition by Resolution of Board of Directors

Acquisition in accordance with Article 155, Item 3 of the Companies Act

Position	Number of shares (shares)	Total value (yen)
Resolutions of Board of Directors (August 14, 2025) (Acquisition Period: August 20, 2025 to December 23, 2025)	9,090,909	20,000,000,000
Treasury shares acquired before the fiscal year ended December 31, 2025	–	–
Treasury shares acquired during the fiscal year ended December 31, 2025	5,470,800	19,999,003,799
Total number and amount of treasury shares yet to be acquired	3,620,109	996,201
Percentage of treasury shares yet to be acquired as of December 31, 2025 (%)	39.82	0.00
Treasury shares acquired during the period from January 1, 2026 until the filing date of this report	–	–
Percentage of treasury shares yet to be acquired as of filing date (%)	39.82	0.00

Position	Number of shares (shares)	Total value (yen)
Resolutions of Board of Directors (February 13, 2026) (Acquisition Period: February 16, 2026 to December 23, 2026)	3,000,000	10,000,000,000
Treasury shares acquired before the fiscal year ended December 31, 2025	–	–
Treasury shares acquired during the fiscal year ended December 31, 2025	–	–
Total number and amount of treasury shares yet to be acquired	–	–
Percentage of treasury shares yet to be acquired as of December 31, 2025 (%)	–	–
Treasury shares acquired during the period from January 1, 2026 until the filing date of this report	–	–
Percentage of treasury shares yet to be acquired as of filing date (%)	100.00	100.00

(3) Acquisition Not Based on Resolutions of General Meeting of Shareholders or Board of Directors

Acquisition in accordance with Article 155, Item 7 of the Companies Act

Position	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year ended December 31, 2025	1,322	4,391,476
Treasury shares acquired during the period from January 1, 2026 until the filing date of this report	200	1,005,010

Note: The number of treasury shares acquired during the period from January 1, 2026 until the filing date of this report does not include shares less than one unit purchased during the period from March 1, 2026 to the filing date of this Securities Report.

Acquisition in accordance with Article 155, Item 13 of the Companies Act

Position	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year ended December 31, 2025	436	–
Treasury shares acquired during the period from January 1, 2026 until the filing date of this report	–	–

Note: The shares were acquired without compensation under the restricted stock compensation scheme.

(4) Disposal of Acquired Treasury Shares and Number of Treasury Shares Held

Position	Fiscal year ended December 31, 2025		From January 1, 2026 until the filing date of this report	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were cancelled	–	–	5,000,000	17,966,650,000
Acquired treasury shares that were transferred for merger, share exchange, share issuance or company split	–	–	–	–
Other (sale of shares in response to additional purchase requests from shareholders holding shares less than one unit)	140	309,870	–	–
Treasury shares held	5,612,828	–	613,028	–

Note: The number of treasury shares held during the period from January 1, 2026 until the filing date of this report does not include shares less than one unit purchased or sold during the period from March 1, 2026 to the filing date of this Securities Report.

3. Dividend Policy

Under E-Plan 2028, the Group's fundamental policy for shareholder returns is to prioritize growth investments that contribute to maximizing corporate value over the medium to long term, while allocating residual cash to shareholder returns in principle to maintain an optimal capital structure. Regarding dividends, we target a consolidated payout ratio of 35% or higher, with payments linked to business performance for the relevant period. Furthermore, provided that we make necessary investments and maintain financial discipline, we will continuously conduct the acquisition of treasury shares to adjust our equity to an appropriate level in line with our ROE targets. Based on these principles, we will implement shareholder returns (dividends and acquisition of treasury shares) totaling 100% or more of the cumulative three-year free cash flow (excluding cash inflows from asset sales or divestments).

The Company has stipulated in its Articles of Incorporation that dividends of surplus may be determined by resolution of the Board of Directors, and that the Company may pay dividends twice a year, one interim and one year-end with June 30 and December 31 as the record dates each year, and may also set other record dates.

Internal reserves are used as a source of funds for investments aimed at enhancing competitiveness and efficiency.

Dividends of surplus for the fiscal year ended December 31, 2025 were as follows:

Resolution date	Total amount of dividends (millions of yen)	Dividends per share (yen)
August 14, 2025 Board of Directors meeting	12,937	28.00
March 26, 2026 Ordinary General Meeting of Shareholders (Scheduled)	14,154	31.00

4. Corporate Governance

(1) Overview of Corporate Governance

Basic views on corporate governance

The Company has established the “EBARA Way,” composed of its “Founding Spirit,” “Corporate Philosophy” and the “EBARA Group CSR Policy” as the Group’s identity and set of values to be shared across the Group. Under the EBARA Way, the Company upholds the enhancement of corporate value through sustainable business development and sharing the results with various stakeholders including shareholders as its most important management objectives. To achieve such objectives, the Company constantly seeks the best possible corporate governance and strives toward its further enhancement.

EBARA Way

- Founding Spirit: The spirit of “Netsu to Makoto” (meaning “passion and dedication”), which values passionate and dedicated hearts that bring forth originality and ingenuity
- Corporate Philosophy: We contribute to society through high-quality technologies and services relating to water, air and the environment.
- EBARA Group CSR Policy: The Company’s basic stance for the purpose of clarifying and practicing the Group’s social responsibility

The Company has also established the “EBARA Corporate Governance Basic Policy,” and is committed to enhancing corporate governance based on the following basic views:

- 1) The Company respects shareholders’ rights, and is engaged in establishing an environment which enables shareholders to appropriately and effectively exercise their rights and ensures equality among shareholders. In addition, the Company establishes the IR Basic Policy and exchanges constructive dialogues with shareholders and investors to facilitate the sustainable growth and medium- to long-term enhancement of corporate value.
- 2) The Company strives to co-create values with various stakeholders, including shareholders, customers, business partners, creditors, employees and local communities in an appropriate manner.
- 3) The Company strives to ensure management transparency through appropriate disclosure of its corporate information.
- 4) The Company has developed a governance system in which Independent Directors* play important roles, and that is centered on Independent Directors and Non-executive Inside Directors. The Company has adopted the organizational form of a “Company with Three Board Committees.” with the Nomination Committee, the Compensation Committee and the Audit Committee as statutory committees under the Board of Directors, to achieve clear separation between supervision and business execution in management.
- 5) The Company clearly stipulates expected roles and required qualifications and competencies for each Director, and strives to enhance effectiveness of the Board of Directors, etc. by utilizing them for selection of candidates and training for the Directors, etc.

* Independent Directors: The Company’s Directors who satisfy its Independence Standards, and are registered as independent directors with the Tokyo Stock Exchange. All the Company’s Outside Directors are Independent Directors.

The EBARA Corporate Governance Basic Policy is posted on the Company’s website below.

<https://www.ebara.co.jp/en/ir/governance/information/Basic-Policy-and-Framework.html>

(i) Corporate Governance System

i) Overview of Corporate Governance System

Structure of organization

The Company has selected the organizational form of a “Company with Three Board Committees.” in accordance with the Companies Act.

<Supervisory>

Board of Directors

The Board of Directors aims to realize the mission it has been entrusted by the shareholders to “continuously improve corporate value” by practicing efficient and effective corporate governance, while giving the greatest consideration possible within a reasonable extent to the positions of all stakeholders.

The Board of Directors recognizes that it is a critical management issue for the Group to implement a highly sophisticated sustainability management that incorporates ESG and to enhance its social and environmental value by continuously contributing to the resolution of social issues through its business. At the same time, the Board of Directors acknowledges the importance of enhancing economic value through ROIC-based management and portfolio-based management. By ensuring the implementation of these initiatives, the Board of Directors formulates the Basic Management Policy with a long-term perspective on the business environment and supervises its ongoing execution to enable the Group to generate sustainable growth resources and create additional value. In addition to the perspective of establishing an internal control environment for preventing scandals, etc. (i.e., defensive leadership), the Board of Directors also exerts leadership from the perspective of establishing an environment that enables management to boldly face challenges to prevent the loss of business opportunities (i.e., offensive leadership).

The Board of Directors has adopted the organizational form of a “Company with Three Board Committees,” whereby the authority and responsibility for the execution of business may be delegated to Executive Officers, to achieve clear separation between supervision and business execution in management. The number of Directors who concurrently serve as Executive Officers is kept to a minimum. Non-executive Inside Directors (i.e., Independent Directors and the Company’s Inside Directors who do not concurrently serve as Executive Officers) are effectively used. To ensure the independence and objectivity of the Nomination, Audit, and Compensation Committees, which form the cornerstone of corporate governance, they shall be composed solely of Non-executive Directors, and the majority of the members of each committee shall be Independent Directors, and the Chairperson of each committee shall also be an Independent Director in principle. From this perspective, the Board of Directors shall be composed of at least a majority of Independent Directors.

As of the filing date (March 23, 2026), the Board of Directors comprises 10 Directors, seven of whom are Independent Directors (including three females) with an Independent Director serving as Chairman of the Board of Directors. The Board of Directors has established the Board of Directors’ Rules, and ensures a system to comply with laws and regulations and the Articles of Incorporation to operate itself. The Board of Directors regularly holds meetings every month and has extraordinary meetings when necessary. During the fiscal year ended December 31, 2025, the Company held 16 Board of Directors meetings. The matters discussed and attendance are as follows.

<<Matters discussed during the fiscal year ended December 31, 2025>>

- Formulation of the new long-term vision “E-Vision 2035” and the next medium-term management plan “E-Plan 2028”
- Monitoring and summarizing the long-term vision “E-Vision 2030” and the medium-term management plan “E-Plan 2025”
- Formulation of the annual management plan, setting KPIs for each business unit
- Financial and capital policy
- The development of new businesses and company-wide marketing activities
- Medium- to long-term sustainability issues
- Verification of and recommendations on compliance with laws and regulations
- Evaluation of the effectiveness of the Board of Directors and following up on feedback

<<Attendance during the fiscal year ended December 31, 2025>>

100% (16/16): Masao Asami, Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Akihiko Nagamine, Teiji Koge, and Tsuyoshi Numagami

88% (14/16): Takuya Shimamura

100% (5/5): Toichi Maeda and Hisae Kitayama

100% (11/11): Shugo Hosoda and Kaeko Kitamoto

- (Notes)
1. Seven Directors, namely Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Takuya Shimamura, Teiji Koge, Tsuyoshi Numagami, and Kaeko Kitamoto, are Independent Directors.
 2. As Toichi Maeda and Hisae Kitayama retired as Directors upon the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2025, their attendance to Board of Directors meetings held before the same date is provided.
 3. As Shugo Hosoda and Kaeko Kitamoto were newly elected and assumed office as Director at the

Ordinary General Meeting of Shareholders held on March 26, 2025, their attendance to Board of Directors meetings held since the same date is provided.

4. The Company proposes the “Election of Ten (10) Directors” as a matter to be resolved for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved and passed, the composition of the Board of Directors will be as follows:

Chairman (Independent Director): Hiroshi Oeda

Independent Director: Mie Fujimoto, Teiji Koge, Tsuyoshi Numagami, Takuya Shimamura, Kaeko Kitamoto, and Takayo Hasegawa

Inside Director (Non-executive): Masao Asami and Akihiko Nagamine

Inside Director (concurrent Executive Officer): Shugo Hosoda

Nomination Committee

The Nomination Committee is primarily responsible for preparing proposals for the General Meeting of Shareholders with regard to the election and dismissal of Directors; making recommendations to the Board of Directors with regard to the election and dismissal of President & REO, the election and dismissal of Executive Officers, appointment and dismissal of Directors with special titles, appointment and dismissal of the Chairman of the Board of Directors and a Non-executive Inside Director to assist the Chairman and the appointment and dismissal of members and the Chairperson of each of the Nomination Committee, Compensation Committee, and Audit Committee; and establishing a policy for election and dismissal and a succession plan for the President & REO. The Nomination Committee shall be composed solely of Non-executive Directors, and the majority of members shall be Independent Directors, and the Chairperson shall also be an Independent Director in principle. The Chairperson of the Nomination Committee shall be determined by the Board of Directors.

As of the filing date (March 23, 2026), the Nomination Committee comprises two Independent Directors (Teiji Koge and Hiroshi Oeda) and one Non-executive Inside Director (Masao Asami). Teiji Koge, an Independent Director, serves as Chairperson of the Nomination Committee. During the fiscal year ended December 31, 2025, the Company held 18 Nomination Committee meetings. The matters discussed and attendance are as follows.

<<Matters discussed during the fiscal year ended December 31, 2025>>

- Programs to train and select next-generation management personnel
- Succession plans for Directors (Transparency of the officer nomination process and enhancement of the talent pool)
- Deliberations regarding candidates for Directors
- Deliberations regarding candidates for Executive Officers

<<Attendance during the fiscal year ended December 31, 2025>>

100% (18/18): Teiji Koge and Hiroshi Oeda

100% (5/5): Toichi Maeda

100% (13/13): Masao Asami

- (Notes)
1. As Toichi Maeda retired as a Director upon the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2025, his attendance to Nomination Committee meetings held before the same date is provided.
 2. As Masao Asami was newly elected and assumed office as a member of the Nomination Committee at the Board of Directors meeting held on March 26, 2025, his attendance to Nomination Committee meetings held since the same date is provided.
 3. The Company proposes the “Election of Ten (10) Directors” as a matter to be resolved for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved and passed, the composition of the Nomination Committee will be as follows:
Chairperson: Teiji Koge
Member: Hiroshi Oeda, Masao Asami, and Takayo Hasegawa

Compensation Committee

The Compensation Committee strives to achieve sustainable growth and to increase corporate value over the medium- to long-term through compensation, by encouraging the Executive Officers to perform their duties in accordance with the management philosophy and management strategies and by fostering human resources and cultivating a culture by strongly motivating them to achieve challenging management targets with appropriately controlled risks, and by establishing a compensation system and standards that reflect the roles of the Directors defined in this Policy, including supervision of execution of their duties. The Compensation Committee shall be composed solely of Non-executive Directors, and the majority of members shall be Independent Directors, and the Chairperson shall also be an Independent Director in principle. The Chairperson of the Compensation Committee shall be determined by the Board of Directors.

As of the filing date (March 23, 2026), the Compensation Committee comprises three Independent Directors (Mie Fujimoto, Takuya Shimamura, and Tsuyoshi Numagami). Mie Fujimoto, an Independent Director, serves as Chairperson of the Compensation Committee. During the fiscal year ended December 31, 2025, the Company held 15 Compensation Committee meetings. The matters discussed and attendance are as follows:

<<Matters discussed during the fiscal year ended December 31, 2025>>

- Compensation systems for Directors and Executive Officers
- Individual compensation for Directors and Executive Officers
- Short-term performance-linked compensation based on the performance evaluation results of Executive Officers
- Consideration and revision of allowance amounts for Directors
- Consideration and revision of ESG evaluation metrics for short-term performance-linked compensation
- Introduction of malus and clawback provisions

<<Attendance during the fiscal year ended December 31, 2025>>

100% (15/15): Mie Fujimoto, Takuya Shimamura, and Tsuyoshi Numagami

- (Note) 1. The Company proposes the “Election of Ten (10) Directors” as a matter to be resolved for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved and passed, the composition of the Compensation Committee will be as follows:

Chairperson: Mie Fujimoto

Member: Takuya Shimamura and Tsuyoshi Numagami

Audit Committee

The Audit Committee strives to establish a high-quality corporate governance system that responds to social trust by serving as a part of the Board of Directors’ supervisory function and properly auditing execution of duties of the Executive Officers and Directors, thereby realizing sound and sustainable growth and the creation of corporate value over the medium to long term for the Company and the corporate group. The Audit Committee sets out basic policies and plans of audits based on the progress of the development of internal control systems, including risk management, in an effort to carry out efficient and effective audits through close coordination with the Internal Audit Division. The Company establishes a supporting system for the Audit Committee to enable the Committee to appropriately fulfill its roles and functions. In order to ensure audit independence, the Audit Committee shall be composed solely of Non-executive Directors, and the majority of members shall be Independent Directors, and the Chairperson shall also be an Independent Director in principle. The Chairperson of the Audit Committee shall be determined by the Board of Directors. In addition, although the Companies Act does not require a full-time Audit Committee member, a Non-executive Inside Director of the Company is serving as a full-time member of the Audit Committee. The full-time Audit Committee member collects high-quality information within the Group through sophisticated information gathering capabilities and shares the information with other Audit Committee members who are external Independent Directors. The full-time Audit Committee member also plays an important role in utilizing the internal control system and collaborating with Independent Auditors and departments in charge of internal control, etc., to ensure effective audits.

As of the filing date (March 23, 2026), the Audit Committee comprises two Independent Directors (Junko Nishiyama and Kaeko Kitamoto) and one Inside Director (Akihiko Nagamine). Junko Nishiyama, an Independent Director, serves as Chairperson of the Audit Committee. Members of the Audit Committee include, Junko Nishiyama, who has experience

conducting audits of consolidated financial statements based on IFRS Accounting Standards as a full-time auditor at another company, Kaeko Kitamoto, a certified public accountant, and Akihiko Nagamine, a full-time member of the Audit Committee, who has held the position of Division Executive of Finance & Corporate Accounting Division of the Company. All of them have considerable knowledge of finance and accounting. During the fiscal year ended December 31, 2025, the Company held 17 Audit Committee meetings. The matters discussed and attendance are as follows:

<<Matters discussed during the fiscal year ended December 31, 2025>>

- Audits of the execution of duties by Executive Officers, etc., and compliance with laws and regulations
- The development and operation of Group internal controls related to the Companies Act and Financial Instruments and Exchange Act, and preparation for compliance with the revised internal control reporting system
- Status of implementing recurrence prevention measures, “Groupwide Fair Procurement Promotion Program” for compliance following the recommendations regarding violations of the Subcontract Act from the Japan Fair Trade Commission
- Status of consideration by the Corporate Internal Audit Division regarding the establishment of a group internal audit system and status of business audit implementation to overseas subsidiaries, etc.
- The establishment of a Group governance system under the five-company system by target market
- The establishment and operation of whistleblowing contacts, ensuring the effectiveness of responses to whistleblowing cases
- New management accounting and cost accounting system with SAP implementation, appropriateness of accounting practices related to significant accounting matters under IFRS Accounting Standards, and response status to quarterly disclosure system

<<Attendance during the fiscal year ended December 31, 2025>>

100% (17/17): Junko Nishiyama and Akihiko Nagamine

100% (6/6): Hisae Kitayama

100% (11/11): Kaeko Kitamoto

- (Notes)
1. As Hisae Kitayama retired as a Director upon the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2025, her attendance to Audit Committee meetings held before the same date is provided.
 2. As Kaeko Kitamoto was newly elected and assumed office as an Audit Committee at the Board of Directors meeting held on March 26, 2025, her attendance to Audit Committee meetings held since the same date is provided.
 3. The Company proposes the “Election of Ten (10) Directors” as a matter to be resolved for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved and passed, the composition of the Audit Committee will be as follows:
Chairperson: Kaeko Kitamoto
Member: Mie Fujimoto and Akihiko Nagamine

Independent Directors' Meeting

The Independent Directors' Meeting, comprising only Independent Directors, has been established as a venue for Independent Directors to recognize and understand matters necessary to fulfill their responsibilities and freely discuss them. The Lead Independent Director, who is elected by mutual voting, serves as Chairperson of the Session. As of the filing date (March 23, 2026), Teiji Koge serves as Lead Independent Director. During the fiscal year ended December 31, 2025, the Company held 12 Executive Sessions. The matters discussed and attendance are as follows:

<<Matters discussed during the fiscal year ended December 31, 2025>>

- Formulation of the new long-term vision "E-Vision 2035" and the next medium-term management plan "E-Plan 2028"
- Monitoring and summarizing the long-term vision "E-Vision 2030" and the medium-term management plan "E-Plan 2025"
- Formulation of the annual management plan and setting of KPIs for each business unit
- Financial and capital policy
- Development of new businesses and company-wide marketing activities
- Medium- to long-term sustainability issues
- Verification of and recommendations on compliance with laws and regulations
- Evaluation of the effectiveness of the Board of Directors and follow-up measures

<<Attendance during the fiscal year ended December 31, 2025>>

100% (12/12): Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Takuya Shimamura, Teiji Koge, and Tsuyoshi Numagami

100% (2/2): Hisae Kitayama

100% (10/10): Kaeko Kitamoto

- (Notes)
1. As Hisae Kitayama retired as a Director upon the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2025, her attendance to Executive Session meetings held before the same date is provided.
 2. As Kaeko Kitamoto was newly elected and assumed office as a Director at the Ordinary General Meeting of Shareholders held on March 26, 2025, her attendance to Executive Session meetings held since the same date is provided.
 3. The Company proposes the "Election of Ten (10) Directors" as a matter to be resolved for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved and passed, the composition of the Executive Session will be as follows:
Chairperson (Lead Independent Director): Teiji Koge
Independent Director: Hiroshi Oeda, Mie Fujimoto, Takuya Shimamura, Akihiko Nagamine, Kaeko Kitamoto, and Takayo Hasegawa

<Business Execution>

Executive Officers

Executive Officers are elected by a resolution of the Board of Directors based on the proposal by the Nomination Committee. Executive Officers determine the execution of duties as delegated by the Board of Directors and perform such duties in line with the overall direction of the long-term vision and medium-term management plan, as well as the fundamental management policies and other medium- to long-term management plans as determined by the Board of Directors.

As of the filing date (March 23, 2026), there are 15 Executive Officers.

Meeting bodies for business execution

a. Management Meeting

The Management Meeting made up of all Executive Officers is in place as a business execution meeting structure for deliberation necessary for facilitating decision making by the President and Representative Executive Officer about important matters concerning the execution of business in management. Each Executive Officer actively expresses their opinions and discusses not only their own scope of duties delegated by the Board of Directors, but also all other matters for deliberation in the Management Meeting from the perspective of optimization for the Group as a whole based on their own experience and knowledge. The Management Meeting is held every month.

b. Management Planning Committee

In order to specifically implement the medium-term management plan each year, a Management Planning Committee chaired by the President and Representative Executive Officer and made up of all Executive Officers has been established as a business execution meeting structure for deliberating, determining and following up on the budgets and management issue action plans of each organization every year. After phased deliberation for each business unit, the Management Planning Committee determines the budgets and management issue action plans to clarify the responsibility of divisions and promote management efficiency. The Management Planning Committee reviews the progress of the annual consolidated management plans on a quarterly basis.

c. Sustainability Committee

The Sustainability Committee has been established to discuss policies of businesses and supporting activities (environmental conservation in production activities, etc., labor practices, supply chain management, information management and disclosure, human rights protection, diversity promotion, etc.), and decide on KPIs and targets, as well as verify outcomes so that EBARA Group may contribute to building sustainable society/environment through business activities and continue to raise its corporate value. The Sustainability Committee is chaired by the President and Representative Executive Officer, and attended by all Executive Officers as its members, with outside experts on sustainability management participating in the committee meetings as advisors. Furthermore, Non-executive Inside Directors are encouraged to attend meetings of the Committee as observers for exhibiting supervisory functions contributing to the objectives of the Sustainability Committee where they provide advice and the like as necessary. The Sustainability Committee reports its deliberations to the Board of Directors, and there is a system in place to enable the Board of Directors to exhibit supervisory functions by accurately grasping information. The Sustainability Committee is held regularly on a quarterly basis, and during the fiscal year ended December 31, 2025, the Committee held 4 meetings.

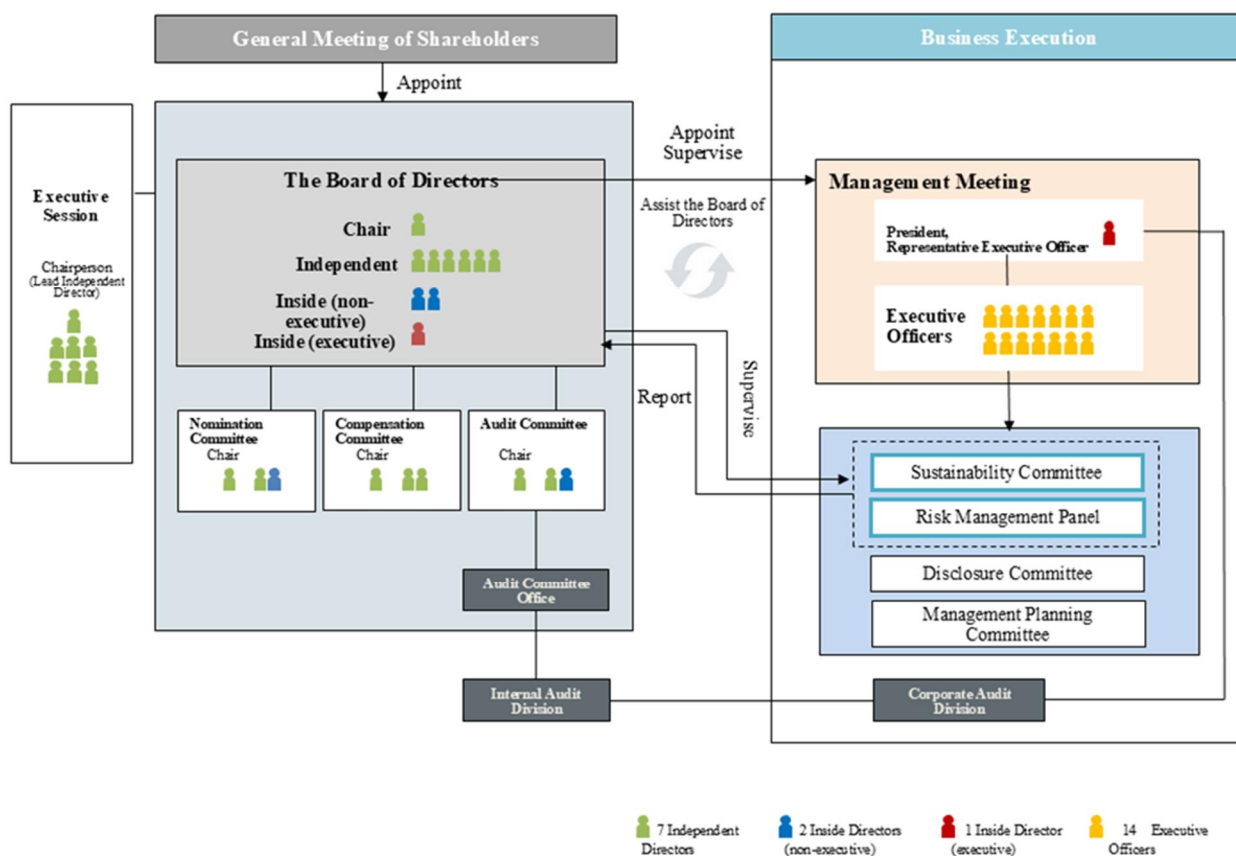
d. Risk Management Panel

The Risk Management Panel (“RMP”) is in place as a body responsible for coordinating risk management activities of the Group, while carrying out deliberation, guidance for improvement and support. The RMP is chaired by the President and Representative Executive Officer, and made up of all Executive Officers. Furthermore, Non-executive Inside Directors attend the panel as observers for exhibiting supervisory functions in risk management, and providing advice and the like as necessary. Additionally, under the RMP, the BCM Subcommittee and the Information Security Subcommittee have been established as specialized subcommittees for specific risks, and they conduct continuous monitoring. The RMP reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. In addition to a periodic meeting held every quarter, RMP meetings are held as required.

e. Disclosure Committee

The Disclosure Committee has been established as a companywide organization to provide fair, timely and appropriate disclosure of corporate information such as the occurrence of incidents, decisions and financial information pertaining to the Group as a whole. The Disclosure Committee collects without omission corporate information subject to determining whether or not to be disclosed and discusses whether to disclose the information, disclosed contents thereof and the timing of the disclosure, and obtains the approval of the President and Representative Executive Officer before disclosing such information.

As of the filing date (March 23, 2026), the outline of the above corporate governance system is shown in the diagram below.



ii) Reasons for Adopting This System

The Company established the Nomination Committee and the Compensation Committee as voluntary committees while adding two Independent Directors in 2008. Since 2011, the Company has maintained a structure with four Independent Directors, accounting for one-third of the maximum number of Directors set forth in the Company’s Articles of Incorporation. In June 2015, the Company aimed to further strengthen its corporate governance system from the aspects a. through c. described below and transitioned to a “Company with Three Board Committees.” The Company with Three Board Committees structure ensures that Independent Directors make up the majority of the Nomination Committee, Compensation Committee, and Audit Committee, which serve as the cornerstones of corporate governance. This structure ensures the well-balanced assignment of roles and responsibilities among the Committees and a clear division of functions between the supervision of corporate management and the execution of business operations. Under this system, the Company will continue to enhance its corporate governance framework.

a. Reinforce supervisory functions and enhance transparency in corporate management by the Board of Directors

With Independent Directors playing an important role and the Board of Directors consisting mainly of Non-executive Inside Directors and Independent Directors, we intend to reinforce the Board’s function to supervise corporate management from the perspective of enhancing its independence, objectivity and transparency.

b. Expand authority of the executive organizations and enhance competitiveness regarding business execution

We intend to promote flexible and swift business management and establish an environment that will support the reinforcement of competitiveness and appropriate risk-taking in business execution by ensuring the clear division of roles and responsibilities between supervision (the Board of Directors) and business execution, and by delegating authority to the executive organization over an extensive range of business execution.

c. Establish a corporate governance framework that can be easily understood by global stakeholders

With a rise in the percentage of overseas sales and efforts by foreign shareholders to encourage a corporate governance framework that is more comprehensive from a global perspective, we intend to improve our corporate governance system, which separates supervisory and executive functions, so that it becomes more clearly understandable to global stakeholders.

iii) Outline of the Contents of the Liability Limitation Agreement

Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may enter into an agreement with Directors (excluding Directors who are Executive Directors) to limit liability for damages as provided for in Article 423, Paragraph 1 of the same act. The Company has entered into such an agreement with all Independent Directors. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, Paragraph 1 of the Companies Act. However, such limitation of liability shall be permitted only when the performance of the duties that caused the liability is in good faith and without gross negligence.

iv) Overview of the Directors and Officers Liability Insurance Contract

a. Insured Parties

Directors, Executive Officers and Audit & Supervisory Board Members of the Company and its subsidiaries.

b. Overview of the Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The contract will cover damages that may arise as a result of the insured parties being held liable for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. However, measures are taken to ensure that the appropriateness of the execution of duties by officers, etc. is not compromised by not covering any damage caused by the insured party's own commitment of bribery, criminal acts or intentional illegal acts. All insurance premiums are paid by the Company.

v) Status of Development and Operation of Internal Control System

An overview of the content resolved by the Company in the Board of Directors as a system for ensuring appropriate operations (basic policy) and the state of operation of the system for fiscal year 2025 is provided below. Every year, Executive Officers perform self-evaluations on the establishment and operation of internal controls, and the areas that should be improved are reflected in the next year's plan based on the results, and we will continue to make improvements in the future.

a. System to Ensure that the Execution of Duties by Executive Officers and Employees of the Company and Directors, Audit & Supervisory Board Members and Employees of Subsidiaries Complies with Laws and Regulations and the Articles of Incorporation

[Basic Approach]

The Company develops, maintains and operates systems to realize the EBARA Group CSR Policy and the EBARA Group Code of Conduct.

[Development and Operation]

- (a) The Company has established a division for promoting compliance, which supports the creation of systems for raising awareness of compliance and preventing misconduct and the establishment of a friendly and open work environment in the Company and its subsidiaries.
- (b) Disciplinary provisions on violations of the "EBARA Group Code of Conduct" and internal rules are stipulated in the service rules and employment regulations, etc., of the Company and its subsidiaries.
- (c) The Sustainability Committee, chaired by the President and Representative Executive Officer, deliberates on policies, strategies, targets and KPIs for activities that contribute to society, the environment and the Group's sustainability, and confirms and reviews the results. The Committee also monitors the compliance status of the Company and its subsidiaries and gives instructions for corrective actions and improvements as appropriate. In fiscal year 2025, four meetings of the committee were held.

- (d) The Global hotlines that can be used by the Company and domestic and overseas subsidiaries have been established. In the establishment of the Global hotlines, the “Regulations for the Operation of the Compliance Consultation Counter” have been established to promptly address any reports on violations of the “EBARA Group Business Ethics Framework,” internal regulations, and laws and regulations. As of December 31, 2025, the Global hotlines have been established in place at 67 domestic and overseas group companies (including the Company) located in 34 countries.
- (e) In Japan, the EBARA Group Compliance Network meetings were periodically held in accordance with the “Regulations for the Operation of the EBARA Group Compliance Network” to share compliance information between the Company and its subsidiaries. Overseas, while Compliance Network meetings were previously held, starting in fiscal year 2024, the scope has been expanded to cover overall risk management, and the framework has been transitioned to the CRO Liaison Meeting, where compliance remained a discussion theme. In fiscal year 2025, the Liaison Meetings were held with 51 subsidiaries across North America, South America, Europe, the Middle East, Asia, Oceania, and Africa.
- (f) The Company has established an Internal Audit Division, which conducts activities in accordance with the annual audit plan based on the “Internal Audit Rules.” It is independent of the business execution departments and conducts audits and monitoring of the operations of the Company and its subsidiaries. We have our subsidiaries establish internal auditing and monitoring systems, and the status of implementation of these systems is confirmed by our Internal Audit Division. Co-sourcing audits using outside experts were conducted for overseas subsidiaries. Furthermore, in audits of overseas subsidiaries, corporate-related departments accompanied audits as advisors to assess risk conditions and provide professional insights to enhance audit quality. In addition, company-related departments also accompanied the audits as necessary to coordinate prompt corrective actions.

b. Systems for Storage and Management of Information concerning the Execution of Duties by Executive Officers

[Basic Approach]

The Company develops, maintains and operates a system for appropriately storing and managing information concerning the execution of duties by Executive Officers in accordance with laws, regulations, and internal rules.

[Development and Operation]

- (a) Information concerning the execution of duties by Executive Officers is appropriately stored and managed in accordance with “Information Security Basic Rules” and related regulations.
- (b) The “Five Principles of EBARA Group on the Handling of Information,” which define the information security policies that must be observed by the EBARA Group, have been established in the “Information Security Basic Rules” of the Company and its subsidiaries.
- (c) The Company confirms the level of information management of the entire EBARA Group and conduct a survey of the actual situation in order to make improvements.

c. Systems for Reporting to the Company on Matters concerning the Execution of Duties by Directors of its Subsidiaries

[Basic Approach]

The Company develops, maintains and operates appropriate rules for reporting to the Company on matters concerning the execution of duties by Directors of its subsidiaries.

[Development and Operation]

- (a) Matters established throughout the EBARA Group and matters that the Company requires a review in advance or report to the Company after the fact are stipulated in the “Group Administration Basic Rules” and related regulations, and material matters pertaining to the execution of duties by Directors of subsidiaries are reported to the Company.
- (b) The “Crisis Management Rules” have been established in subsidiaries as a system for reporting to the Company in the event a crisis occurs or an event that may lead to a crisis occurs in subsidiaries, which are required to provide reports.

d. Regulations and Other Systems Related to Management of the Risk of Losses at the Company and its Subsidiaries

[Basic Approach]

The Company has established policies on risk management in the Company and its subsidiaries as well as rules pertaining to their operation. The Company also develops, maintains and operates systems for implementing risk management.

[Development and Operation]

- (a) Authority responsibilities, and procedures are set out in the “Authority Rules,” etc., of the Company and its subsidiaries, whereby risk management is conducted.
- (b) Departments responsible for promoting risk management activities are in place, while policies and systems for risk management at the Company and its subsidiaries are set out under the “Risk Management Regulations,” whereby risk management activities are carried out.
- (c) The RMP for the overall Group is in place as a body responsible for coordinating risk management activities while carrying out deliberation, guidance for improvement, and support. The RMP is chaired by the President and Representative Executive Officer and made up of all Executive Officers. In addition to quarterly meetings, meetings are held as required. In fiscal 2025, a total of 17 meetings were held.
- (d) The Company continues to strengthen the information security management system of the entire EBARA Group in preparation for cyber-attacks from outside.

e. Systems to Ensure the Efficient Execution of Duties by Executive Officers of the Company and by Directors of Its Subsidiaries

[Basic Approach]

- (a) The Company clarifies the division of duties in the business execution functions of Executive Officers of the Company and Directors of its subsidiaries.
- (b) The Company develops, maintains, and operates systems to enable efficient execution of duties by the Company’s Executive Officers and Directors of its subsidiaries through the formulation of basic management policies and the monitoring of their progress.

[Development and Operation]

- (a) The Board of Directors of the Company entrusts the authority and responsibility for the execution of business to Executive Officers and ensures the efficient execution of duties by Executive Officers by supervising the execution of duties by Executive Officers.
- (b) The administrative authority of Executive Officers of the Company and Directors of its subsidiaries is set out in the “Regulations on the Division of Duties” of the Company and its subsidiaries.
- (c) The Company’s Board of Directors formulates basic management policies, and these policies are reflected in the annual management plans of the Company and its subsidiaries. As for return on invested capital (ROIC), the most important management indicator (KPI), we confirm the progress at KPI monitoring meetings.
- (d) Executive Officers of the Company review the progress of annual management plans and measures for their achievement on a quarterly basis in the Management Planning Committee.
- (e) The Management Meeting made up of all Executive Officers is in place as a meeting structure for deliberation necessary for facilitating prompt decision making by the President and Representative Executive Officer. The Management Meeting is held once every month.

f. Systems for Shutting Out Anti-Social Elements

[Basic Approach]

The Company establishes, maintains, and operates systems for preventing the Company and its subsidiaries from engaging in any activities that may provide profits to anti-social forces in whatever name.

[Development and Operation]

The Anti-Social Forces Countermeasure Headquarters has been established to oversee countermeasures against anti-social forces in the Company and its subsidiaries, a manual has been established for cases in which there has been contact from

anti-social forces, and a system has been developed for handling cases as an entire company in coordination with legal counsel and external expert organizations in the event there has been contact.

Furthermore, investigations of business partners, internal education, and the like are conducted based on the “Guidelines on Shutting Out Anti-social Elements,” in addition to periodically holding liaison meetings attended by personnel responsible for preventing undue claims in the Company and domestic subsidiaries. In fiscal 2025, one meeting was held.

g. Systems to Ensure the Appropriate Operations of the EBARA Group, Comprising the Company and its Subsidiaries
[Basic Approach]

The Company establishes a policy on the operation of the EBARA Group comprising the Company and its subsidiaries, and develop, maintain and operate systems for ensuring appropriate operations of the Group.

[Development and Operation]

- (a) An internal control system is in place according to the scale and characteristics of the business of the Company and its subsidiaries. The Executive Officers of the Company are responsible for the establishment of internal control systems in subsidiaries.
- (b) The Company performs evaluations on the state of maintenance and operation of internal controls in the Company and its subsidiaries, and corrections are made when problems are found.

h. Systems for Assigning Employees to Assist the Audit Committee in the Execution of its Duties

[Basic Approach]

The Company establishes a division that assists the Audit Committee in the execution of its duties.

[Development and Operation]

- (a) The Audit Committee Office has been established as a department that assists the Audit Committee in the execution of its duties.
- (b) The Company appoints employees who are to assist the Audit Committee in its duties (hereinafter referred to as “assistant employees of the Audit Committee” or “assistant employees”) and assign them to the Audit Committee Office. In fiscal year 2025, 20 employees belonged to the Audit Committee Office, of which 5 were engaged in administrative work related to the Audit Committee as fulltime assistant employees. The other 15 employees were mainly engaged in the internal audit division or as auditors of subsidiaries and associates, and were concurrently employed by the Audit Committee Office as assistant employees. The assistant employees of the Audit Committee may also serve as auditors of subsidiaries and associates for the purpose of ensuring the internal control of the corporate group.

i. Matters Related to the Independence from Executive Officers of the Employees Who Assist the Audit Committee’s Execution of its Duties, and Matters Related to Ensuring the Effectiveness of the Instructions by the Audit Committee to Such Employees

[Basic Approach]

- (a) The appointment of assistant employees to the Audit Committee is determined with the consent of the Audit Committee, in principle.
- (b) Full-time assistant employees shall not concurrently perform duties related to the execution of the duties of the executive officers of the Company, and the independence of the assistant employees to the Audit Committee from the executive officers shall be ensured.
- (c) In the case that instructions from the Audit Committee conflict with instructions from the Executive Officers or the general manager of the department in which the concurrent assistant employees serve, the internal rules stipulate that the instructions from the Audit Committee shall take precedence, thereby ensuring the effectiveness of the Audit Committee’s instructions.
- (d) With the prior consent of the Audit Committee, assistant employees to the Audit Committee are engaged by the auditors of subsidiaries and associates.
- (e) Personnel transfer, appraisal, and the like of the assistant employees to the Audit Committee are determined upon obtaining the consent of the Audit Committee.

[Development and Operation]

- (a) The appointment of assistant employees to the Audit Committee is determined with the consent of the Audit Committee, in principle.
- (b) Full-time assistant employees to the Audit Committee are not concurrently engaged in business operations concerning the execution of duties by Executive Officers of the Company. Assistant employees to the Audit Committee act under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee.
- (c) In case the instructions from the Audit Committee conflict with the instructions from the Executive Officers or the general manager of the department to which they are concurrently assigned, the internal rules stipulate that the instructions from the Audit Committee shall take precedence, thereby ensuring the effectiveness of the instructions from the Audit Committee.
- (d) With the prior consent of the Audit Committee, assistant employees to the Audit Committee are engaged by the auditors of subsidiaries and associates.
- (e) Personnel transfer, appraisal, and the like of the assistant employees to the Audit Committee are determined upon obtaining the consent of the Audit Committee.

j. Systems for Reporting to the Audit Committee of the Company by Executive Officers and Employees, etc., of the Company and by Directors, Audit & Supervisory Board Members and Employees, etc., of its Subsidiaries, and Other Reporting to the Audit Committee of the Company

[Basic Approach]

- (a) The Company develops, maintains, and operates a system whereby the Audit Committee members are able to attend important meetings of departments engaging in business execution, and to receive reports from Executive Officers and employees, etc.
- (b) The Company develops, maintains, and operates a system whereby Directors, Audit & Supervisory Board Members and employees, etc., of subsidiaries in addition to persons receiving reports therefrom report to the Audit Committee.
- (c) Any person having made a report under the two preceding paragraphs shall not be subject to disadvantageous treatment because of such reporting.

[Development and Operation]

- (a) The Audit Committee members view important documents and receive reports on the execution of duties from Executive Officers and employees, etc., by attending important meetings of departments engaging in business execution such as the Management Meeting, the Sustainability Committee, and the RMP.
- (b) Executive Officers promptly report to the Audit Committee pursuant to the “Executive Officer Rules” in the event they discover a fraudulent act in the course of executing their duties, and such act is not redressed immediately.
- (c) In the course of audits by the Audit Committee, the Company and its subsidiaries provide information on the handling of management tasks and the legality and appropriateness of their business operations upon the request of the Audit Committee.
- (d) The Global hotlines that can be used by the Company and domestic and overseas subsidiaries have been established. In the establishment of the Global hotlines, the “Regulations for the Operation of the Compliance Consultation Counter” have been established to promptly address any reports on violations of the “EBARA Group Business Ethics Framework,” internal regulations, and laws and regulations. As of December 31, 2025, the Global hotlines have been established in place at 67 domestic and overseas group companies (including the Company) located in 34 countries.
- (e) The Audit Committee established the Audit Committee helpline, allowing reports to be received on the violation of laws and regulations in the Company and its subsidiaries, in addition to other issues concerning corporate ethics, and a system is in place for employees, etc. of the Company and its subsidiaries to report to the Audit Committee if the Company’s Directors, Executive Officers, or Directors of its subsidiaries commit fraud, violate laws, regulations or the Articles of Incorporation, conduct improper accounting practices, have corporate ethics issues or are otherwise found to be grossly inappropriate for management of the Company.
- (f) The Company thoroughly ensures a system whereby any person having reported to the Audit Committee is not subject to disadvantageous treatment because of such reporting.

k. Other Systems for Ensuring the Effectiveness of Audits by the Audit Committee

[Basic Approach]

- (a) The Group ensures the effectiveness of audits by exchanging opinions and collaborating as necessary with the departments in charge of Internal Control, Risk Management and Compliance, and the Internal Audit Division as well as the Corporate Auditors and the Audit Committee of subsidiaries and associates.
- (b) In case of request by the Audit Committee, the head or a member of the Internal Audit Division or Corporate Auditors of subsidiaries and associates shall serve concurrently in a department under the control of the Audit Committee. In addition, candidates for Corporate Auditors of subsidiaries and associates shall be determined with the consent of the Audit Committee.
- (c) The Group establishes a policy concerning the handling of expenses and debts arising from the execution of duties by the Audit Committee and ensure that the Audit Committee's audits are conducted effectively.

[Development and Operation]

- (a) The President, Representative Executive Officer and Executive Officers in charge of the Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery Companies regularly exchange information and opinions with the Audit Committee.
- (b) Departments responsible for internal controls, risk management, and compliance, the Internal Audit Division, and corporate auditor of subsidiaries and associates regularly exchange information and opinions with the Audit Committee and also exchange information on important matters as needed in an effort to promote collaboration.
- (c) At the request of the Audit Committee, the head of the Internal Audit Division or a member of the division, or a corporate auditor of subsidiaries and associates, concurrently serves in a department established under the control of the Audit Committee. In addition, when nominating candidates for corporate auditors of subsidiaries and associates, decisions are made only after obtaining the consent of the Audit Committee.
- (d) The Company has established a policy regarding the handling of expenses and debts arising from the execution of duties by the Audit Committee to ensure that the Audit Committee's audits are conducted effectively.

l. Systems for Ensuring the Credibility of Financial Reports

[Basic Approach]

Internal controls to ensure the reliability of financial reporting shall be established and operated in accordance with the "Standards for Assessment and Audit of Internal Control over Financial Reporting" and the "Implementation Standards for Assessment and Audit of Internal Control over Financial Reporting."

[Development and Operation]

- (a) To ensure the credibility of consolidated financial reports, the "Standards for the Enforcement of Internal Controls over Financial Reporting" have been established for the purpose of maintaining and operating internal controls based on the Financial Instruments and Exchange Act, and their effectiveness is assessed every fiscal year.
- (b) In the assessment, the scope of assessment is set each fiscal year in consideration of the impact on financial reporting, management importance, etc., and the assessment is conducted by an assessment team independent of operations to improve and promote internal control. In fiscal year 2024, we revised the evaluation standard to align with the amendments to the Financial Instruments and Exchange Act and the implementation of the company-wide ERP, aiming for sophistication and efficiency of internal controls. Therefore, in fiscal year 2025, we confirmed the effectiveness of internal control based on the new evaluation standards.

vi) Development of Risk Management System

The Company has developed the risk management system within the Group, centering on the system described in the above "d. Regulations and other systems related to management of the risk of losses of the Company and its subsidiaries."

(ii) Number of Directors

The Company has stipulated in the Articles of Incorporation of the Company (hereinafter the “Articles of Incorporation”) that the number of Directors of the Company shall not exceed 15.

(iii) Requirements for Resolution for Election of Directors

For resolution for election of Directors, the Company has stipulated in the Articles of Incorporation that the election of the Directors shall be made at the general meeting of shareholders by a majority of the voting rights of the shareholders having not less than one-third of the aggregate number of the voting rights of the shareholders who are entitled to exercise voting rights.

Furthermore, the Company has stipulated in the Articles of Incorporation that no cumulative voting shall be used for the election of Directors.

(iv) Matters for Which the Board of Directors May Pass Resolutions of the General Meeting of Shareholders

i) Exemption from Director and Executive Officer Liability

The Company has stipulated in the Articles of Incorporation that, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt the Directors (including persons who were Directors) or Executive Officers (including persons who were Executive Officers) from the liability for compensation of the damages arising out of failure to perform duties, to the extent permitted by laws and ordinances. This aims to enable Directors and Executive Officers to fully fulfill their expected roles within the corporate governance framework.

The Company has also stipulated in the Articles of Incorporation that the Company may enter into agreements with Directors (excluding Directors who are Executive Directors) to limit their liability for damages as outlined under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The Company has entered into the agreements with all Outside Directors. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, Paragraph 1 of the Companies Act.

ii) Organ Which Determines Distribution of Retained Earnings, etc.

The Company has stipulated in the Articles of Incorporation that, except as otherwise provided for by laws or ordinances, the Company may, by resolution of the Board of Directors, determine the distribution of retained earnings and other matters prescribed in items of Article 459, Paragraph 1 of the Companies Act to facilitate our flexible capital policy and dividend policy.

(v) Requirements for Special Resolution at the General Meeting of Shareholders

In order to facilitate the smooth operation of the general meeting of shareholders by relaxing the quorum for special resolutions at the general meeting of shareholders, the Company has stipulated in the Articles of Incorporation that the requirements for special resolution prescribed in Article 309, Paragraph 2 of the Companies Act shall be at least two-thirds of the votes of shareholders present at the general meeting of shareholders, where the shareholders holding at least one-third of the voting rights of shareholders who are entitled to exercise their voting rights are present.

(2) Directors and Other Officers

(i) List of Directors and Other Officers

i) The status of Directors and other officers as of March 23, 2026 (the filing date of the Annual Securities Report) is as follows.

Male: 20, Female: 4 (Ratio of female officers: 16.7%)

a. Directors

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Chairman & Director Member of the Nomination Committee	Masao Asami	April 7, 1960	April 1986 April 2010 April 2011 April 2014 June 2015 April 2016 March 2019 March 2019 January 2023 January 2023 January 2024 March 2025 March 2025	Joined the Company Executive Officer of the Company Division Executive, Sales and Marketing Division, Precision Machinery Company of the Company Managing Executive Officer of the Company Managing Executive Officer of the Company (Change in Japanese only; English unchanged) President, Precision Machinery Company of the Company Director of the Company President, Representative Executive Officer of the Company CEO of the Company COO of the Company President, Precision Machinery Company of the Company Chairman & Director of the Company (to present) Member of the Nomination Committee of the Company (to present)	(Note 2)	2,699
Director President and Representative Executive Officer CEO & COO	Shugo Hosoda	September 1, 1966	October 1993 April 2015 April 2016 April 2016 January 2018 January 2018 January 2019 March 2021 March 2021 March 2022 January 2023 August 2023 January 2024 March 2025 March 2025 March 2025 March 2025	Joined the Company Division Executive, Governance Promotion Division of the Company Deputy Vice President, Elliott Group Holdings, Inc. Deputy Vice President, Elliott Company Vice President, Elliott Group Holdings, Inc. Vice President, Elliott Company Director, Elliott Group Holdings, Inc. Executive Officer of the Company Division Executive, Finance and Accounting Division of the Company Division Executive, Corporate Strategic Planning, Finance and Accounting Division of the Company Division Executive, Corporate Strategic Planning, Finance and Accounting Division & CFO of the Company Chairman, EBARA (CHINA) CO., LTD. CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs) of the Company Director of the Company (to present) President and Representative Executive Officer of the Company (to present) CEO of the Company (to present) COO of the Company (to present)	(Note 2)	726

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Chairman of the Board of Directors Member of the Nomination Committee	Hiroshi Oeda	March 12, 1957	April 1980 June 2009 April 2011 April 2015 April 2017 June 2017 June 2017 March 2018 March 2018 June 2018 March 2019 June 2019 March 2020 December 2020 March 2022 March 2022 June 2023	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.) Director, Nisshin Seifun Group Inc. Director and President, Nisshin Seifun Group Inc. Member of Management Council, Hitotsubashi University Director and Executive Adviser, Nisshin Seifun Group Inc. Corporate Special Adviser, Nisshin Seifun Group Inc. (to present) President, Seifun Kaikan Inc. (Retired in June 2022) Director of the Company (to present) Member of the Nomination Committee of the Company Outside Director, SEKISUI CHEMICAL CO., LTD. (to present) Chairperson of the Nomination Committee of the Company President, Hitotsubashi University Koenkai (to present) Lead Independent Director of the Company Vice-Chairperson, The Japanese National Commission for UNESCO (Retired in November 2023) Chairman of the Board of Directors of the Company (to present) Member of the Nomination Committee of the Company (to present) Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)	(Note 2)	185
Director Member of the Audit Committee	Junko Nishiyama	January 10, 1957	April 1979 March 2006 March 2007 January 2009 January 2014 March 2015 March 2019 March 2019 March 2019 June 2019 June 2020 March 2021 March 2024 March 2025 March 2025	Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation) Director, Finished Product Department, Purchasing Headquarters, Lion Corporation Director, Finished Product Purchasing, Production Coordinating Department No. 2, Production Headquarters, Lion Corporation Director, Packaging Engineering Research Laboratories, Research & Development, Headquarters, Lion Corporation Director, CSR Promotion Department, Lion Corporation Standing Corporate Auditor, Lion Corporation Advisor, Lion Corporation (Retired in March 2021) Director of the Company (to present) Member of the Audit Committee of the Company Outside Director, JACCS CO., LTD. (Retired in June 2023) Outside Auditor, TODA CORPORATION (to present) Member of the Compensation Committee of the Company Member of the Audit Committee of the Company Chairperson of the Audit Committee of the Company (to present) Independent Outside Director (Auditing Committee Member), PeptiDream Inc. (to present)	(Note 2)	170

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Member of the Compensation Committee	Mie Fujimoto	August 17, 1967	April 1993 April 1993 June 2009 April 2015 June 2015 June 2016 March 2019 March 2020 March 2020 March 2022 June 2024	Registered as an attorney at law (to present) Joined New Tokyo Sogoh Law Office Outside Corporate Auditor, Kuraray Co., Ltd. Joined TMI Associates (to present) Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION (Retired in June 2023) Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (currently TBS Holdings, Inc.) (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present) Outside Director, Kuraray Co., Ltd. (Retired in March 2020) Director of the Company (to present) Member of the Compensation Committee of the Company Chairperson of the Compensation Committee of the Company (to present) External Member of the Board, Elematec Corporation (Retired in June 2025)	(Note 2)	155
Director Member of the Audit Committee	Akihiko Nagamine	May 5, 1958	April 1982 June 2006 July 2010 April 2014 April 2015 June 2015 June 2015 March 2021 March 2021	Joined EBARA DENSAN LTD. Director, EBARA DENSAN LTD. Joined the Company, General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division Division Executive, Finance and Accounting Division of the Company Executive Officer (<i>shikkou yakuin</i>) of the Company Executive Officer (<i>shikkou yaku</i>) of the Company Responsible for Finance and Accounting, Group Management, and Internal Control Director of the Company (to present) Member of the Audit Committee of the Company (to present)	(Note 2)	995
Director Member of the Compensation Committee	Takuya Shimamura	December 25, 1956	April 1980 January 2009 January 2010 January 2013 January 2015 March 2015 January 2021 March 2021 March 2022 March 2022 June 2022 June 2025	Joined Asahi Glass Co., Ltd. (currently AGC Inc.) Executive Officer and GM of Planning & Coordination Office, Chemicals Company, Asahi Glass Co., Ltd. Executive Officer and President, Chemicals Company, Asahi Glass Co., Ltd. Senior Executive Officer and President, Electronics Company, Asahi Glass Co., Ltd. President & CEO, Asahi Glass Co., Ltd. Representative Director and President & CEO, Asahi Glass Co., Ltd. Chairman & Representative Director, AGC Inc. Director and Chairman, AGC Inc. (scheduled to retire in March 2026) Director of the Company (to present) Member of the Compensation Committee of the Company (to present) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. Outside Director, JFE Holdings, Inc. (to present)	(Note 2)	94

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Lead Independent Director Member of the Nomination Committee	Teiji Koge	November 14, 1953	April 1976 June 2005 June 2005 October 2005 February 2008 April 2008 April 2009 March 2014 March 2015 March 2020 June 2022 March 2023 March 2023 March 2024 March 2024 March 2026	Joined SEKISUI CHEMICAL CO., LTD. Director, SEKISUI CHEMICAL CO., LTD. President, Nagoya Sekisui Heim Co., Ltd. Director, Head of President's Office of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Senior Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Senior Managing Executive Officer, Head of CSR Department and Head of Corporate Communication Department, SEKISUI CHEMICAL CO., LTD. President and Representative Director, Chief Executive Officer, SEKISUI CHEMICAL CO., LTD. Chairman of the Board and Representative Director, SEKISUI CHEMICAL CO., LTD. Chairman of the Board and Director, SEKISUI CHEMICAL CO., LTD. Director of the Company (to present) Member of the Nomination Committee of the Company Lead Independent Director of the Company (to present) Chairperson of the Nomination Committee of the Company (to present) Director, SEKISUI CHEMICAL CO., LTD. (to present)	(Note 2)	64
Director Member of the Compensation Committee	Tsuyoshi Numagami	March 27, 1960	April 2000 January 2011 December 2014 April 2018 June 2018 April 2021 June 2022 March 2023 March 2023 April 2023 April 2023 March 2024 June 2025	Professor, Graduate School of Commerce and Management, Hitotsubashi University Dean of Graduate School of Commerce and Management, Hitotsubashi University Board Member and Executive Vice President, Hitotsubashi University Professor, Graduate School of Business Administration, Hitotsubashi University (Retired in March 2023) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. Professor, School of Energy and Informatics, Tokyo Institute of Technology (Retired in March 2023) Outside Director, Tokyo Century Corporation (to present) Director of the Company (to present) Member of the Audit Committee of the Company Professor Emeritus, Hitotsubashi University (to present) Professor, Institute for Business and Finance, Waseda University (to present) Member of the Compensation Committee of the Company (to present) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)	(Note 2)	64

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Member of the Audit Committee	Kaeko Kitamoto	April 15, 1965	April 1988	Joined Sapporo Breweries Limited (currently Sapporo Holdings Limited)	(Note 2)	20
			October 1993	Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)		
			April 1997	Registered as a certified public accountant (to present)		
			July 2009	Partner, Ernst & Young ShinNihon LLC		
			September 2018	Member of the Electricity and Gas Market Surveillance Commission, Ministry of Economy, Trade and Industry (Retired in August 2024)		
			July 2019	Managing Director, Ernst & Young ShinNihon LLC (Retired in June 2023)		
			July 2023	Audit & Supervisory Board Member (External), DAIKIN INDUSTRIES, LTD. (to present)		
			July 2023	Outside Director, Harmonic Drive Systems Inc. (to present)		
			March 2025	Director of the Company (to present)		
			March 2025	Member of the Audit Committee of the Company (to present)		
Total						5,173

- Notes: 1. Directors Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Takuya Shimamura, Teiji Koge, Tsuyoshi Numagami, and Kaeko Kitamoto are Independent Directors.
2. The terms of office of the Directors shall be from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2025.
3. The Company is a Company with Three Board Committees. The Company's committees are as follows:
Nomination Committee: Teiji Koge (Chairperson), Hiroshi Oeda, and Masao Asami
Compensation Committee: Mie Fujimoto (Chairperson), Takuya Shimamura, and Tsuyoshi Numagami
Audit Committee: Junko Nishiyama (Chairperson), Akihiko Nagamine, and Kaeko Kitamoto
The Chairperson of each of the committees is elected by a resolution of the Board of Directors.

b. Executive Officers

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
President, Representative Executive Officer, CEO & COO	Shugo Hosoda	September 1, 1966	See "a. Directors"		(Note)	See "a. Directors"
Executive Officer President, Building Service & Industrial Company Chairman, Ebara Pumps Europe S.p.A.	Shu Nagata	March 17, 1968	<p>April 1990 October 2008 April 2017 March 2018 March 2018 March 2019 January 2020 March 2022 March 2022 January 2023 March 2026</p>	<p>Joined the Company Ebara Pumps Europe S.p.A. Managing Director General Manager, Global Sales and Marketing Department, Standard Pump Business Division, Fluid Machinery & Systems Company of the Company Executive Officer of the Company (to present) Division Executive, Corporate Strategic Planning Division of the Company Division Executive, Human Resources Division of the Company Division Executive, Corporate Strategic Planning and Human Resources Division of the Company President, Fluid Machinery & Systems Company of the Company Chillers Business of Fluid Machinery & Systems Company of the Company President, Building Service & Industrial Company of the Company (to present) Chairman, Ebara Pumps Europe S.p.A. (to present)</p>	(Note)	913
Executive Officer President, Energy Company, CEO, Elliott Company, Chairman, EBARA GREAT PUMPS CO., LTD., and Chairman & CEO, Ebara Elliott Energy Holdings, Inc.	Takanobu Miyaki	September 22, 1972	<p>April 1996 March 2020 March 2020 March 2021 March 2022 March 2022 March 2022 March 2022 January 2023 January 2023 January 2023 January 2024</p>	<p>Joined the Company Vice President, Elliott Group Holdings, Inc. Vice President, Elliott Company Director, Elliott Group Holdings, Inc. Director and CEO, Elliott Group Holdings, Inc. CEO, Elliott Company (to present) Executive Officer of the Company (to present) Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company President, Energy Company of the Company (to present) Chairman, EBARA GREAT PUMPS CO., LTD. (to present) Chairman & CEO, Elliott Group Holdings, Inc. Chairman & CEO, Ebara Elliott Energy Holdings, Inc. (to present)</p>	(Note)	-

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer President, Infrastructure Company, and Chairman and Representative Director of Ebara Environmental Plant Co., Ltd.	Teruyuki Ota	April 26, 1971	April 1994 April 2017 April 2021 March 2022 March 2022 January 2023 March 2026	Joined the Company General Manager, Recruiting and HR Development Department, Human Resources, Legal and General Affairs Division General Manager, Infrastructure Systems Sales Department, System Business Division, Fluid Machinery Systems Company of the Company Executive Officer of the Company (to present) Division Executive, System Business Division, Fluid Machinery Systems Company of the Company President, Infrastructure Company of the Company (to present) Chairman and Representative Director of Ebara Environmental Plant Co., Ltd. (to present)	(Note)	199
Executive Officer President, Environmental Solutions Company, and Director, Ebara Environmental Plant Co., Ltd.	Hideki Yamada	May 31, 1961	April 1985 April 2013 April 2015 April 2015 April 2016 January 2019 October 2019 October 2019 January 2020 March 2020 January 2023 January 2023 January 2023 January 2025 March 2026	Joined the Company Executive Officer of the Company Deputy Division Executive, China and East Asia Department, Strategy and Technology Management Division, Fluid Machinery & Systems Company of the Company Chairman, EBARA GREAT PUMPS CO., LTD. Division Executive, China and East Asia Department, Strategy and Technology Management Division, Fluid Machinery & Systems Company of the Company Division Executive, Industrial Pump Division, Fluid Machinery & Systems Company Managing Executive Officer of the Company Division Executive, Custom Pump Division, Fluid Machinery & Systems Company Chairman, EBARA MACHINERY ZIBO CO., LTD. Executive Officer of the Company (to present) President, Environmental Solutions Company (to present) President and Representative Director of Ebara Environmental Plant Co., Ltd. Director, Swing Corporation (to present) Chairman and Representative Director of Ebara Environmental Plant Co., Ltd. Director of Ebara Environmental Plant Co., Ltd. (to present)	(Note)	841
Executive Officer President and Division Executive, Equipment Division, Precision Machinery Company	Isao Nambu	April 14, 1974	April 1997 January 2020 January 2022 March 2022 January 2023 June 2024 January 2025	Joined the Company Division Executive, Marketing Division of the Company Division Executive, Equipment Division, Precision Machinery Company of the Company Executive Officer of the Company (to present) Division Executive, Equipment Division, Precision Machinery Company of the Company (to present) Co-COO (in charge of, Equipment Business & Sales & Management Strategy), Precision Machinery Company of the Company President, Precision Machinery Company of the Company (to present)	(Note)	445

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer (in charge of Component Business / Advanced Technology / Safety, Environment & Quality) Division Executive, Components Division, Precision Machinery Company of the Company, Chairman, Ebara Precision Machinery Taiwan Incorporated, and Chairman, HEFEI EBARA PRECISION MACHINERY CO., LTD.	Seiichi Tsuyuki	April 20, 1971	April 1992 April 2021 January 2022 March 2022 January 2023 January 2024 June 2024 January 2025 March 2025	Joined the Company Chairman, Ebara Precision Machinery Taiwan Incorporated (to present) Division Executive, Components Business Division, Precision Machinery Company of the Company Executive Officer of the Company (to present) Division Executive, Components Division, Precision Machinery Company of the Company (to present) Chairman, HEFEI EBARA PRECISION MACHINERY CO., LTD. (to present) Co-COO (in charge of Component Business & Advanced Technology), Precision Machinery Company of the Company (in charge of Component Business / Advanced Technology / Safety, Environment & Quality Assurance), Precision Machinery Company of the Company (in charge of Component Business / Advanced Technology / Safety, Environment & Quality), Precision Machinery Company of the Company (to present)	(Note)	234
Executive Officer Division Executive, Management Strategy Control Division, Precision Machinery Company	Sungyong Lee	September 1, 1964	April 1992 January 2019 March 2022 January 2023 January 2024 January 2025 March 2025	Joined the Company CEO & President, Ebara Precision Machinery Korea Inc. President and Representative Director, Ebara Refrigeration Equipment & Systems Co., Ltd. President and Representative Director, Ebara Refrigeration Equipment & Systems Co., Ltd., and Division Executive, Industrial Business Division of the Company Division Executive, Industrial Business Division, Building Service & Industrial Company of the Company Division Executive, Management Strategy Control Division, Precision Machinery Company of the Company (to present) Executive Officer of the Company (to present)	(Note)	30
Executive Officer CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs), Division Executive, Corporate Strategic Planning Division, and Chairman, EBARA (CHINA) CO., LTD.	Tetsuya Fuchida	October 11, 1972	April 1995 April 2017 July 2021 April 2024 March 2025 March 2025 March 2025	Joined the Company General Manager, Accounting Department, Finance and Accounting Division of the Company General Director, Ebara Vietnam Pump Company Ltd. Division Executive, Corporate Strategic Planning Division of the Company (to present) Executive Officer of the Company (to present) CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs) of the Company (to present) Chairman, EBARA (CHINA) CO., LTD. (to present)	(Note)	68

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer CHRO (Responsible for Human Resources, Labor Affairs, Human Resource Development, and Well-being) and Division Executive, Human Resources Division	Akihiro Osaki	February 28, 1970	April 1992 April 2012 April 2022 January 2024 April 2024 January 2025 March 2025 March 2025 January 2026	Joined the Company General Manager, Ebara Densan (Kunshan) Co., Ltd. Division Executive, Corporate Strategy and Finance and Accounting Division and Division Executive, Corporate Strategic Planning Division of the Group Division Executive, Corporate Strategic Planning Division of the Company Division Executive, Public Relations and Finance Division of the Group Division Executive, Human Resources Division of the Company (to present) Executive Officer of the Company (to present) CHRO (in charge of Human Resources / Safety / Labor Affairs / Human Resource Development) of the Company CHRO (in charge of Human Resources / Labor Affairs / Human Resource Development / Well-being) of the Company (to present)	(Note)	231
Executive Officer CRO (in charge of Risk Management / Legal / Internal Control / EHS)	Toru Nakayama	June 5, 1959	September 2014 January 2018 March 2018 March 2018 January 2023 January 2024 January 2026	Joined the Company Division Executive, Internal Control and Risk Management Division of the Company Executive Officer of the Company (to present) Division Executive, Legal, Internal Control, Risk Management and General Affairs Division of the Company CRO of the Company CRO (in charge of Risk Management / Legal / Internal Control) of the Company CRO (in charge of Risk Management / Legal / Internal Control / EHS) of the Company (to present)	(Note)	614
Executive Officer CIO (in charge of Information & Communication System) and Division Executive, Information and Communication System Division	Hiroyuki Kowase	November 22, 1963	April 2014 December 2015 July 2018 December 2018 April 2019 March 2020 January 2023 January 2024	Executive Officer and CIO General Manager, IT Promotion Headquarters, LIXIL Corporation Senior Managing Executive Officer and CIO General Manager, Information Systems Headquarters, LIXIL Corporation Deputy Chief Global Information Technology Officer, Department Director, ICT Strategy & Platform Department, Shiseido Company, Limited Joined the Company Division Executive, Information and Communication System Division of the Company (to present) Executive Officer of the Company (to present) CIO of the Company CIO (in charge of Information & Communication System) of the Company (to present)	(Note)	489

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer CTO (in charge of Technologies / R&D / Intellectual Property / Innovative Production Engineering and Quality Assurance) and Division Executive, Technology Management Strategy Division	Norihisa Miyoshi	December 18, 1962	April 1987 April 2016 January 2019 January 2022 January 2023 March 2023 March 2023 January 2024 January 2024 January 2026 January 2026	Joined the Company Division Executive, Basic Technology Division, Ebara Environmental Plant Co., Ltd. Division Executive, Engineering Division, Ebara Environmental Plant Co., Ltd. President and Representative Director of Ebara Environmental Plant Co., Ltd. Division Executive, Technologies, R&D & Intellectual Property Division of the Company Executive Officer of the Company (to present) CTO of the Company CTO (in charge of Technologies / R&D / Intellectual Property) of the Company Division Executive, Technologies & Intellectual Property Division of the Company CTO (in charge of Technologies / R&D / Intellectual Property / Innovative Production Engineering and Quality Assurance) of the Company (to present) Division Executive, Technology Management Strategy Division of the Company (to present)	(Note)	437
Executive Officer Division Executive, New Business Development Division	Kazunori Suda	April 2, 1966	April 2011 April 2014 January 2016 January 2020 January 2022 March 2025 January 2026	General Manager, Railway Systems Division and General Manager, Overseas Business Promotion Strategy Planning Division, Toshiba Corporation Senior Expert, Business Transformation, Toshiba Corporation General Manager, New Business Development Division, Nippon Densan Corporation (currently NIDEC CORPORATION) Joined the Company Division Executive, Marketing Division of the Company Executive Officer of the Company (to present) Division Executive, New Business Development Division of the Company (to present)	(Note)	144
Executive Officer Division Executive, Global Supply Chain Strategy Division	Miwa Tachiyama	November 18, 1967	January 2007 November 2019 March 2022 January 2023 March 2025 January 2026	Joined the Company Director, Elliott Turbomachinery Ltd. Director, Elliott Ebara Turbomachinery Corporation Division Executive, Operations Innovation Division of the Company Executive Officer of the Company (to present) Division Executive, Global Supply Chain Strategy Division of the Company (to present)	(Note)	49
Total						4,700

Note: The terms of office of the Executive Officers shall be from the conclusion of the first meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2024 to the conclusion of the first meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2025.

ii) The Company has submitted the “Election of Ten (10) Directors” as a proposal (a matter to be resolved) for the Ordinary General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved, the status of the Company’s Directors is expected to be as follows, which includes the details of the matters to be resolved (such as positions) at the Board of Directors meeting scheduled to be held immediately after the conclusion of the Ordinary General Meeting of Shareholders.

In addition, the appointment of Executive Officers will be proposed at the same Board of Directors meeting. If the proposal is approved and passed, the status of the Executive Officers is expected to be as follows, which includes the details of the resolution items (such as positions) at said Board of Directors meeting.

Male: 20, Female: 4 (Ratio of female officers: 16.7%)

a. Directors

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Chairman & Director Member of the Nomination Committee	Masao Asami	April 7, 1960	April 1986 April 2010 April 2011 April 2014 June 2015 April 2016 March 2019 March 2019 January 2023 January 2023 January 2024 March 2025 March 2025	Joined the Company Executive Officer of the Company Division Executive, Sales and Marketing Division, Precision Machinery Company of the Company Managing Executive Officer of the Company Managing Executive Officer of the Company (Change in Japanese only; English unchanged) President, Precision Machinery Company of the Company Director of the Company President, Representative Executive Officer of the Company CEO of the Company COO of the Company President, Precision Machinery Company of the Company Chairman & Director of the Company (to present) Member of the Nomination Committee of the Company (to present)	(Note 2)	2,699
Director President and Representative Executive Officer CEO & COO	Shugo Hosoda	September 1, 1966	October 1993 April 2015 April 2016 April 2016 January 2018 January 2018 January 2019 March 2021 March 2021 March 2022 January 2023 August 2023 January 2024 March 2025 March 2025 March 2025 March 2025	Joined the Company Division Executive, Governance Promotion Division of the Company Deputy Vice President, Elliott Group Holdings, Inc. Deputy Vice President, Elliott Company Vice President, Elliott Group Holdings, Inc. Vice President, Elliott Company Director, Elliott Group Holdings, Inc. Executive Officer of the Company Division Executive, Finance and Accounting Division of the Company Division Executive, Corporate Strategic Planning, Finance and Accounting Division of the Company Division Executive, Corporate Strategic Planning, Finance and Accounting Division & CFO of the Company Chairman, EBARA (CHINA) CO., LTD. CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs) of the Company Director of the Company (to present) President and Representative Executive Officer of the Company (to present) CEO of the Company (to present) COO of the Company (to present)	(Note 2)	726

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Chairman of the Board of Directors Member of the Nomination Committee	Hiroshi Oeda	March 12, 1957	April 1980 June 2009 April 2011 April 2015 April 2017 June 2017 June 2017 March 2018 March 2018 June 2018 March 2019 June 2019 March 2020 December 2020 March 2022 March 2022 June 2023	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.) Director, Nisshin Seifun Group Inc. Director and President, Nisshin Seifun Group Inc. Member of Management Council, Hitotsubashi University Director and Executive Adviser, Nisshin Seifun Group Inc. Corporate Special Adviser, Nisshin Seifun Group Inc. (to present) President, Seifun Kaikan Inc. (Retired in June 2022) Director of the Company (to present) Member of the Nomination Committee of the Company Outside Director, SEKISUI CHEMICAL CO., LTD. (to present) Chairperson of the Nomination Committee of the Company President, Hitotsubashi University Koenkai (to present) Lead Independent Director of the Company Vice-Chairperson, The Japanese National Commission for UNESCO (Retired in November 2023) Chairman of the Board of Directors of the Company (to present) Member of the Nomination Committee of the Company (to present) Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)	(Note 2)	185
Director Member of the Compensation Committee Member of the Audit Committee	Mie Fujimoto	August 17, 1967	April 1993 April 1993 June 2009 April 2015 June 2015 June 2016 March 2019 March 2020 March 2020 March 2022 June 2024 March 2026	Registered as an attorney at law (to present) Joined New Tokyo Sogoh Law Office Outside Corporate Auditor, Kuraray Co., Ltd. Joined TMI Associates (to present) Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION (Retired in June 2023) Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (currently TBS Holdings, Inc.) (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present) Outside Director, Kuraray Co., Ltd. (Retired in March 2020) Director of the Company (to present) Member of the Compensation Committee of the Company Chairperson of the Compensation Committee of the Company (to present) External Member of the Board, Elematec Corporation (Retired in June 2025) Member of the Audit Committee of the Company (to present)	(Note 2)	155

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Member of the Audit Committee	Akihiko Nagamine	May 5, 1958	April 1982 June 2006 July 2010 April 2014 April 2015 June 2015 June 2015 March 2021 March 2021	Joined EBARA DENSAN LTD. Director, EBARA DENSAN LTD. Joined the Company, General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division Division Executive, Finance and Accounting Division of the Company Executive Officer (<i>shikkou yakuin</i>) of the Company Executive Officer (<i>shikkou yaku</i>) of the Company Responsible for Finance and Accounting, Group Management, and Internal Control Director of the Company (to present) Member of the Audit Committee of the Company (to present)	(Note 2)	995
Director Member of the Compensation Committee	Takuya Shimamura	December 25, 1956	April 1980 January 2009 January 2010 January 2013 January 2015 March 2015 January 2021 March 2021 March 2022 March 2022 June 2022 June 2025	Joined Asahi Glass Co., Ltd. (currently AGC Inc.) Executive Officer and GM of Planning & Coordination Office, Chemicals Company, Asahi Glass Co., Ltd. Executive Officer and President, Chemicals Company, Asahi Glass Co., Ltd. Senior Executive Officer and President, Electronics Company, Asahi Glass Co., Ltd. President & CEO, Asahi Glass Co., Ltd. Representative Director and President & CEO, Asahi Glass Co., Ltd. Chairman & Representative Director, AGC Inc. Director and Chairman, AGC Inc. (scheduled to retire in March 2026) Director of the Company (to present) Member of the Compensation Committee of the Company (to present) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. Outside Director, JFE Holdings, Inc. (to present)	(Note 2)	94

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Lead Independent Director Member of the Nomination Committee	Teiji Koge	November 14, 1953	April 1976 June 2005 June 2005 October 2005 February 2008 April 2008 April 2009 March 2014 March 2015 March 2020 June 2022 March 2023 March 2023 March 2024 March 2024 March 2026	Joined SEKISUI CHEMICAL CO., LTD. Director, SEKISUI CHEMICAL CO., LTD. President, Nagoya Sekisui Heim Co., Ltd. Director, Head of President's Office of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Senior Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD. Director, Senior Managing Executive Officer, Head of CSR Department and Head of Corporate Communication Department, SEKISUI CHEMICAL CO., LTD. President and Representative Director, Chief Executive Officer, SEKISUI CHEMICAL CO., LTD. Chairman of the Board and Representative Director, SEKISUI CHEMICAL CO., LTD. Chairman of the Board and Director, SEKISUI CHEMICAL CO., LTD. Director of the Company (to present) Member of the Nomination Committee of the Company Lead Independent Director of the Company (to present) Chairperson of the Nomination Committee of the Company (to present) Director, SEKISUI CHEMICAL CO., LTD. (to present)	(Note 2)	64
Director Member of the Compensation Committee	Tsuyoshi Numagami	March 27, 1960	April 2000 January 2011 December 2014 April 2018 June 2018 April 2021 June 2022 March 2023 March 2023 April 2023 April 2023 March 2024 June 2025	Professor, Graduate School of Commerce and Management, Hitotsubashi University Dean of Graduate School of Commerce and Management, Hitotsubashi University Board Member and Executive Vice President, Hitotsubashi University Professor, Graduate School of Business Administration, Hitotsubashi University (Retired in March 2023) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. Professor, School of Energy and Informatics, Tokyo Institute of Technology (Retired in March 2023) Outside Director, Tokyo Century Corporation (to present) Director of the Company (to present) Member of the Audit Committee of the Company Professor Emeritus, Hitotsubashi University (to present) Professor, Institute for Business and Finance, Waseda University (to present) Member of the Compensation Committee of the Company (to present) Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)	(Note 2)	64

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director Member of the Audit Committee	Kaeko Kitamoto	April 15, 1965	April 1988 October 1993 April 1997 July 2009 September 2018 July 2019 July 2023 July 2023 March 2025 March 2025 March 2026	Joined Sapporo Breweries Limited (currently Sapporo Holdings Limited) Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant (to present) Partner, Ernst & Young ShinNihon LLC Member of the Electricity and Gas Market Surveillance Commission, Ministry of Economy, Trade and Industry (Retired in August 2024) Managing Director, Ernst & Young ShinNihon LLC (Retired in June 2023) Audit & Supervisory Board Member (External), DAIKIN INDUSTRIES, LTD. (to present) Outside Director, Harmonic Drive Systems Inc. (to present) Director of the Company (to present) Member of the Audit Committee of the Company Chairperson of the Audit Committee of the Company (to present)	(Note 2)	20
Director Member of the Nomination Committee	Takayo Hasegawa	October 15, 1959	April 1984 July 1994 April 2006 June 2009 June 2013 June 2013 June 2018 April 2019 June 2022 April 2024 April 2025 March 2026 March 2026	Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD. General Manager, Fundamental Technology Research Dept., High-Temperature Superconductivity Division, SHOWA ELECTRIC WIRE AND CABLE CO., LTD. Director, General Manager, Engineering R&D Center, SWCC SHOWA CABLE SYSTEMS CO., LTD. Executive Managing Director, General Manager, Engineering R&D Center, SWCC SHOWA CABLE SYSTEMS CO., LTD. Director, General Manager, Engineering Planning Dept., SWCC SHOWA HOLDINGS CO., LTD. (currently SWCC Corporation) Director, General Manager, Engineering R&D Center, SWCC SHOWA CABLE SYSTEMS CO., LTD. President and Director, SWCC SHOWA HOLDINGS CO., LTD. President and Representative Director, Group CEO, SWCC SHOWA HOLDINGS CO., LTD. Outside Director, HOYA CORPORATION (to present) Executive President and Representative Director (CEO), SWCC Corporation Representative Director and Chairman, SWCC Corporation (to present) Director of the Company (to present) Member of the Nomination Committee of the Company (to present)	(Note 2)	5
Total						5,008

- Notes: 1. Directors Hiroshi Oeda, Mie Fujimoto, Takuya Shimamura, Teiji Koge, Tsuyoshi Numagami, Kaeko Kitamoto, and Takayo Hasegawa are Independent Directors.
2. The terms of office of the Directors shall be from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2026.
3. The Company is a Company with Three Board Committees. The Company's committees are as follows:
 Nomination Committee: Teiji Koge (Chairperson), Hiroshi Oeda, Masao Asami, and Takayo Hasegawa
 Compensation Committee: Mie Fujimoto (Chairperson), Takuya Shimamura, and Tsuyoshi Numagami
 Audit Committee: Kaeko Kitamoto (Chairperson), Akihiko Nagamine, and Mie Fujimoto
 The Chairperson of each of the committees is elected by a resolution of the Board of Directors.

b. Executive Officers

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
President, Representative Executive Officer, CEO & COO	Shugo Hosoda	September 1, 1966	See "a. Directors"		(Note)	See "a. Directors"
Executive Officer President and Division Executive, Equipment Division, Precision Machinery Company	Isao Nambu	April 14, 1974	April 1997 January 2020 January 2022 March 2022 January 2023 June 2024 January 2025	Joined the Company Division Executive, Marketing Division of the Company Division Executive, Equipment Division, Precision Machinery Company of the Company Executive Officer of the Company (to present) Division Executive, Equipment Division, Precision Machinery Company of the Company (to present) Co-COO (in charge of, Equipment Business & Sales & Management Strategy), Precision Machinery Company of the Company President, Precision Machinery Company of the Company (to present)	(Note)	445
Executive Officer (in charge of Component Business / Safety, Environment & Quality) Division Executive, Components Division, Precision Machinery Company of the Company, Chairman, Ebara Precision Machinery Taiwan Incorporated, and Chairman, HEFEI EBARA PRECISION MACHINERY CO., LTD.	Seiichi Tsuyuki	April 20, 1971	April 1992 April 2021 January 2022 March 2022 January 2023 January 2024 June 2024 January 2025 March 2025 March 2026	Joined the Company Chairman, Ebara Precision Machinery Taiwan Incorporated (to present) Division Executive, Components Business Division, Precision Machinery Company of the Company Executive Officer of the Company (to present) Division Executive, Components Division, Precision Machinery Company of the Company (to present) Chairman, HEFEI EBARA PRECISION MACHINERY CO., LTD. (to present) Co-COO (in charge of Component Business & Advanced Technology), Precision Machinery Company of the Company (in charge of Component Business / Advanced Technology / Safety, Environment & Quality Assurance), Precision Machinery Company of the Company (in charge of Component Business / Advanced Technology / Safety, Environment & Quality), Precision Machinery Company of the Company (in charge of Component Business / Safety, Environment & Quality), Precision Machinery Company of the Company (to present)	(Note)	234

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer Division Executive, Management Strategy Control Division, Precision Machinery Company	Sungyong Lee	September 1, 1964	April 1992 January 2019 March 2022 January 2023 January 2024 January 2025 March 2025	Joined the Company CEO & President, Ebara Precision Machinery Korea Inc. President and Representative Director, Ebara Refrigeration Equipment & Systems Co., Ltd. President and Representative Director, Ebara Refrigeration Equipment & Systems Co., Ltd., and Division Executive, Industrial Business Division of the Company Division Executive, Industrial Business Division, Building Service & Industrial Company of the Company Division Executive, Management Strategy Control Division, Precision Machinery Company of the Company (to present) Executive Officer of the Company (to present)	(Note)	30
Executive Officer President, Energy Company, CEO, Elliott Company, Chairman, EBARA GREAT PUMPS CO., LTD., and Chairman & CEO, Ebara Elliott Energy Holdings, Inc.	Takanobu Miyaki	September 22, 1972	April 1996 March 2020 March 2020 March 2021 March 2022 March 2022 March 2022 March 2022 January 2023 January 2023 January 2023 January 2024	Joined the Company Vice President, Elliott Group Holdings, Inc. Vice President, Elliott Company Director, Elliott Group Holdings, Inc. Director and CEO, Elliott Group Holdings, Inc. CEO, Elliott Company (to present) Executive Officer of the Company (to present) Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company President, Energy Company of the Company (to present) Chairman, EBARA GREAT PUMPS CO., LTD. (to present) Chairman & CEO, Elliott Group Holdings, Inc. Chairman & CEO, Ebara Elliott Energy Holdings, Inc. (to present)	(Note)	-
Executive Officer President, Building Service & Industrial Company	Shu Nagata	March 17, 1968	April 1990 October 2008 April 2017 March 2018 March 2018 March 2019 January 2020 March 2022 March 2022 January 2023 March 2026	Joined the Company Ebara Pumps Europe S.p.A. Managing Director General Manager, Global Sales and Marketing Department, Standard Pump Business Division, Fluid Machinery & Systems Company of the Company Executive Officer of the Company (to present) Division Executive, Corporate Strategic Planning Division of the Company Division Executive, Human Resources Division of the Company Division Executive, Corporate Strategic Planning and Human Resources Division of the Company President, Fluid Machinery & Systems Company of the Company Chillers Business of Fluid Machinery & Systems Company of the Company President, Building Service & Industrial Company of the Company (to present) Chairman, Ebara Pumps Europe S.p.A. (to present)	(Note)	913

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer President, Infrastructure Company	Masayuki Kai	December 5, 1968	April 1992 April 2017 January 2022 January 2023 January 2025 March 2026 March 2026	Joined the Company Managing Director, EBARA QINGDAO CO., LTD. Division Executive, Engineering Division, Ebara Environmental Plant Co., Ltd. Director, Ebara Environmental Plant Co., Ltd. President and Representative Director of Ebara Environmental Plant Co., Ltd. Executive Officer of the Company (to present) President, Infrastructure Company of the Company (to present)	(Note)	216
Executive Officer President, Environmental Solutions Company, and Chairman and Representative Director of Ebara Environmental Plant Co., Ltd.	Teruyuki Ota	April 26, 1971	April 1994 April 2017 April 2021 March 2022 March 2022 January 2023 March 2026 March 2026	Joined the Company General Manager, Recruiting and HR Development Department, Human Resources, Legal and General Affairs Division General Manager, Infrastructure Systems Sales Department, System Business Division, Fluid Machinery Systems Company of the Company Executive Officer of the Company (to present) Division Executive, System Business Division, Fluid Machinery Systems Company of the Company President, Infrastructure Company of the Company Chairman and Representative Director of Ebara Environmental Plant Co., Ltd. (to present) President, Environmental Solutions Company of the Company (to present)	(Note)	199
Executive Officer CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs), Division Executive, Corporate Strategic Planning Division, and Chairman, EBARA (CHINA) CO., LTD.	Tetsuya Fuchida	October 11, 1972	April 1995 April 2017 July 2021 April 2024 March 2025 March 2025 March 2025	Joined the Company General Manager, Accounting Department, Finance and Accounting Division of the Company General Director, Ebara Vietnam Pump Company Ltd. Division Executive, Corporate Strategic Planning Division of the Company (to present) Executive Officer of the Company (to present) CFO (in charge of Corporate Strategic Planning / Finance / Accounting / Tax Affairs) of the Company (to present) Chairman, EBARA (CHINA) CO., LTD. (to present)	(Note)	68

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer CHRO (in charge of Human Resources / Safety / Labor Affairs / Human Resource Development) and Division Executive, Human Resources Division	Akihiro Osaki	February 28, 1970	April 1992 April 2012 April 2022 January 2024 April 2024 January 2025 March 2025 March 2025 January 2026	Joined the Company General Manager, Ebara Densan (Kunshan) Co., Ltd. Division Executive, Corporate Strategy and Finance and Accounting Division and Division Executive, Corporate Strategic Planning Division of the Group Division Executive, Corporate Strategic Planning Division of the Company Division Executive, Public Relations and Finance Division of the Group Division Executive, Human Resources Division of the Company (to present) Executive Officer of the Company (to present) CHRO (in charge of Human Resources / Safety / Labor Affairs / Human Resource Development) of the Company CHRO (in charge of Human Resources / Labor Affairs / Human Resource Development / Well-being) of the Company (to present)	(Note)	231
Executive Officer CRO (in charge of Risk Management / Legal / Internal Control / EHS)	Toru Nakayama	June 5, 1959	September 2014 January 2018 March 2018 March 2018 January 2023 January 2024 January 2026	Joined the Company Division Executive, Internal Control and Risk Management Division of the Company Executive Officer of the Company (to present) Division Executive, Legal, Internal Control, Risk Management and General Affairs Division of the Company CRO of the Company CRO (in charge of Risk Management / Legal / Internal Control) of the Company CRO (in charge of Risk Management / Legal / Internal Control / EHS) of the Company (to present)	(Note)	614
Executive Officer CIO (in charge of Information & Communication System) and Division Executive, Information and Communication System Division	Hiroyuki Kowase	November 22, 1963	April 2014 December 2015 July 2018 December 2018 April 2019 March 2020 January 2023 January 2024	Executive Officer and CIO General Manager, IT Promotion Headquarters, LIXIL Corporation Senior Managing Executive Officer and CIO General Manager, Information Systems Headquarters, LIXIL Corporation Deputy Chief Global Information Technology Officer, Department Director, ICT Strategy & Platform Department, Shiseido Company, Limited Joined the Company Division Executive, Information and Communication System Division of the Company (to present) Executive Officer of the Company (to present) CIO of the Company CIO (in charge of Information & Communication System) of the Company (to present)	(Note)	489

Position title	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Executive Officer CTO (in charge of Technologies / R&D / Intellectual Property / Innovative Production Engineering and Quality Assurance) and Division Executive, Technology Management Strategy Division	Norihisa Miyoshi	December 18, 1962	April 1987 April 2016 January 2019 January 2022 January 2023 March 2023 March 2023 January 2024 January 2024 January 2026 January 2026	Joined the Company Division Executive, Basic Technology Division, Ebara Environmental Plant Co., Ltd. Division Executive, Engineering Division, Ebara Environmental Plant Co., Ltd. President and Representative Director of Ebara Environmental Plant Co., Ltd. Division Executive, Technologies, R&D & Intellectual Property Division of the Company Executive Officer of the Company (to present) CTO of the Company CTO (in charge of Technologies / R&D / Intellectual Property) of the Company Division Executive, Technologies & Intellectual Property Division of the Company CTO (in charge of Technologies / R&D / Intellectual Property / Innovative Production Engineering and Quality Assurance) of the Company (to present) Division Executive, Technology Management Strategy Division of the Company (to present)	(Note)	437
Executive Officer Division Executive, New Business Development Division	Kazunori Suda	April 2, 1966	April 2011 April 2014 January 2016 January 2020 January 2022 March 2025 January 2026	General Manager, Railway Systems Division and General Manager, Overseas Business Promotion Strategy Planning Division, Toshiba Corporation Senior Expert, Business Transformation, Toshiba Corporation General Manager, New Business Development Division, Nippon Densan Corporation (currently NIDEC CORPORATION) Joined the Company Division Executive, Marketing Division of the Company Executive Officer of the Company (to present) Division Executive, New Business Development Division of the Company (to present)	(Note)	144
Executive Officer Division Executive, Global Supply Chain Strategy Division	Miwa Tachiyama	November 18, 1967	January 2007 November 2019 March 2022 January 2023 March 2025 January 2026	Joined the Company Director, Elliott Turbomachinery Ltd. Director, Elliott Ebara Turbomachinery Corporation Division Executive, Operations Innovation Division of the Company Executive Officer of the Company (to present) Division Executive, Global Supply Chain Strategy Division of the Company (to present)	(Note)	49
Total						4,074

Note: The terms of office of the Executive Officers shall be from the conclusion of the first meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2025 to the conclusion of the first meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2026.

(ii) Independent Directors and Other Officers

The Company currently has seven Independent Directors, who constitute a majority of all 10 Directors. There are no special interests between any of those Independent Directors and the Company. Takuya Shimamura previously engaged in business execution at AGC Inc., which has a business relationship with the Group such as sales of products and after-sales services. However, we have judged that none of those business relationships may cause any conflicts of interests with general shareholders.

When we elect Independent Directors, we shall appoint independent candidates who have no material interests in the Company. To ensure their independence, we have stipulated standards pertaining to their transactions and relationships with the Group in rules and regulations.

We believe that the election of Independent Directors allows us to reflect their knowledge and expertise from their independent standpoints in the supervision and audit of management and business execution, thereby enhancing the appropriateness of management.

Independent Directors attend the Sustainability Committee meetings as observers and exchange opinions with Executive Officers and the internal audit division, etc. by sharing information with each other.

(3) Auditing Status

(i) Auditing Status by the Audit Committee

i) Organization, Personnel, and Procedures of Audit Committee

For organization, personnel, and procedures of audits by the Audit Committee, please refer to “(1) Overview of corporate governance, (i) Corporate Governance System, i) Overview of Corporate Governance System, <Supervisory>, Audit Committee.”

ii) Activities of the Audit Committee

During the fiscal year ended December 31, 2025, the Company held 17 meetings of the Audit Committee. The attendance of each Audit Committee member is as follows:

Position	Name	Attendance
Full-time Audit Committee member	Akihiko Nagamine	17 (100%)
Independent (Part-time) Audit Committee member	Junko Nishiyama	17 (100%)
	Hisae Kitayama	6 (100%)
	Kaeko Kitamoto	11 (100%)

Notes:

1. As Hisae Kitayama retired as Audit Committee member upon the conclusion of the Board of Directors meeting held on March 26, 2025, her attendance to Audit Committee meetings held before the same date is provided above.
2. As Kaeko Kitamoto was newly elected and assumed office as Audit Committee member at the Board of Directors meeting held on March 26, 2025, her attendance to Audit Committee meetings held since the same date is provided above.

The Company defines major areas assessed by the Audit Committee, for example, items requiring intensive auditing alongside items audited continuously every fiscal year. Specific issues discussed by the Audit Committee during the fiscal year under review include the following.

- Audits of the execution of duties by Executive Officers, etc., and compliance with laws and regulations
- Status of development and operation of Group internal controls related to the Companies Act and Financial Instruments and Exchange Act, and compliance with the revised internal control reporting system
- Status of implementing recurrence prevention measures, “Groupwide Fair Procurement Promotion Program” for compliance following the recommendations regarding violations of the Subcontract Act from the Japan Fair Trade Commission
- Status of consideration by the Corporate Internal Audit Division regarding the establishment of a group internal audit system and status of business audit implementation to overseas subsidiaries, etc.
- Status of development of a Group governance system under the five-company system by target market and the CxO system
- Inspection of the establishment and operation of whistleblowing contacts, and ensuring the effectiveness of responses to whistleblowing cases
- New management accounting and cost accounting system with SAP implementation, appropriateness of internal controls related to significant accounting matters under IFRS Accounting Standards, and response status to quarterly disclosure system

Furthermore, the main activities of the Audit Committee, including those by full-time Audit Committee members, are as follows.

- The Audit Committee attends the meetings of the Management Meeting, the Sustainability Committee, the Risk Management Panel, and other important meetings to improve the effectiveness and efficiency of audits, and maintains an accurate and up-to-date understanding of relevant information. Advice is also provided to the executive team as necessary.

- The Audit Committee shares recognition pertaining to management issues and business risks and exchanges opinions with the executive team, including triannual hearings with the President and Representative Executive Officer, and annual hearing from each Executive Officer in charge of Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery Company.
- For coordination with Internal Audit Division and Independent Auditor, the Audit Committee strives to conduct efficient audits through mutual coordination with Internal Audit Division and Independent Auditor described in “(ii) Internal Audit.”
- On-site audits are performed at domestic and overseas offices, operating sites, and subsidiaries, and members of the Audit Committee observe internal audits by the executive team and audits by the Independent Auditor to confirm that internal control systems are functioning effectively at the Company and across the Group.
- The Group Auditor Conferences are held twice a year and attended by the auditors of subsidiaries and associates, and receive business reports from subsidiaries and associates, if necessary.
- The Audit Committee examines documents related to the approval of important matters to confirm that decisions are made appropriately in accordance with internal rules.

(Activities and responsibilities of the Audit Committee)

Activities		Full-time	Outside
Be present at important meetings	Sustainability Committee	○	○
	Management Meeting/Risk Management Panel	○	(Chairperson)
	Management Planning Committee of each in-house company	○	-
Audit of business execution	Meeting with the President and Representative Executive Officer	○	○
	Meeting with Presidents of each in-house company	○	○
	Meeting with CFO/CRO	○	○
	Monthly meeting with Internal Audit Division, etc.	○	-
	Meeting with departments in charge of Internal Control of each in-house company	○	-
Coordination with the Independent Auditor	Meeting with divisions under the control of Corporate Sector	○	-
	Meeting with Independent Auditor	○	○
	Accompanying the on-site inventory count observation	○	-
Three-way audit system	Accompanying the overseas audit	○	-
	Three-way audit meetings among the Audit Committee, Internal Audit Division, and the Independent Auditor	○	○
Coordination with auditors of subsidiaries and associates	Meeting with full-time auditors of subsidiaries and associates	○	○
	Group Auditor Conferences	○	-
Other	Examines documents related to the approval of important matters	○	-

*Responsibilities ○:Participate, -:Do not participate in principle (may participate on voluntary basis)

Full-time Audit Committee members actively work to improve the audit environment and gather information within the group on a daily basis. They share information with the outside Audit Committee members in a timely manner, including the status of their daily audit activities, in order to promote communication.

(ii) Internal Audit

For internal audits, in fiscal year 2025, the Company established the Corporate Audit Division (reorganized as the Corporate Audit Division responsible for internal audits as of the filing date of the Annual Securities Report) as the Internal Audit Division, which integrates internal control and response functions to whistleblowing cases. The Department conducted internal audits of business execution and evaluated the effectiveness of the internal control systems of the Company and its subsidiaries.

The Corporate Audit Division conducts internal audits in accordance with the annual internal audit plan, which was approved by the President and Representative Executive Officer, based on the “Internal Audit Rules,” and the General Manager of the Corporate Audit Division submits internal audit reports to the President and Representative Executive Officer and sends copies to the Chairperson of the Audit Committee. Departments and subsidiaries subject to audits are asked to respond to the issues pointed out and correct these problems, and their progress on this front is monitored.

The Corporate Audit Division holds regular and occasional information exchange meetings with the Audit Committee and

reports to the Audit Committee members on the internal audit plan and the results of internal audits of the Company and its subsidiaries. The information exchange meetings have attendees from the Audit Committee members and General Manager of the Corporate Audit Division as well as Executive Officers in charge and managers of the risk management department and the internal control and compliance department. They enhance the effectiveness of audits by the Audit Committee and internal audits by sharing and utilizing the latest risk information on a timely basis in addition to reporting on internal control evaluations and the status of responses to whistleblowing. By having all employees of the Corporate Audit Division concurrently work with the Audit Committee Office to establish a system capable of conducting audits and other activities based on instructions and orders from the Audit Committee., we ensure the effectiveness of audits by the Audit Committee.

The Audit Committee and the Corporate Audit Division work closely with the audit firm that serves as the Independent Auditor on a regular and as-needed basis to exchange information and opinions on internal audit results, internal control status and risk assessments perceived by the Independent Auditor. In the fiscal year ended December 31, 2025, the Company held 3 three-way audit meetings among the Corporate Audit Division, the Audit Committee, and the Independent Auditor.

(iii) Accounting Audit

i) Name of Audit Firm

Deloitte Touche Tohmatsu LLC

ii) Period of Continuous Auditing

3 fiscal years

iii) Certified Public Accountants Who Executed the Audit Duties

Takuya Sumita, Akiko Fujiharu, and Osamu Hattori

iv) Composition of Assistants to Audit Work

22 certified public accountants

46 others

v) Policy and Reasons for Appointing Audit Firm and Evaluation Thereof

The Audit Committee confirms that the Independent Auditor maintains an independent position and conducts appropriate audits, and it also receives reports from the Independent Auditor on the status of execution of duties on a regular and as-needed basis. Based on the results of the annual evaluation regarding the reappointment of the Independent Auditor, the Audit Committee reviewed the competency, independence, and overall capabilities of Deloitte Touche Tohmatsu LLC. As a result, no facts were identified that would correspond to the “Policies Regarding the Dismissal or Refusal of Reappointment of the Independent Auditor.” Accordingly, the Audit Committee decided to reappoint Deloitte Touche Tohmatsu LLC as the Independent Auditor.

Policies Regarding the Dismissal or Refusal of Reappointment of the Independent Auditor

a. Dismissal Policy

In the event that the Independent Auditor is found to fall under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit Committee shall dismiss the Independent Auditor with the unanimous consent of the Audit Committee members.

b. Policy on Refusal of Reappointment

In the event that it is determined that an audit is clearly inadequate in light of the eligibility, independence or overall capabilities of the Independent Auditor based on the results of the assessment conducted each fiscal year on whether or not to reappoint the Independent Auditor, the Audit Committee shall propose the refusal of reappointment of the Independent Auditor to the General Meeting of Shareholders.

As a restriction on reappointment of the Independent Auditor, if the Independent Auditor serves for 10 years in succession, the Audit Committee conducts a tender to appoint the candidates for the next Independent Auditor regardless of the assessment of the Independent Auditor (hereinafter referred to as “Reappointed Independent Auditor”) conducted every year. The Reappointed Independent Auditor is not prohibited from participating in the tender, but if the Reappointed Independent

Auditor serves for a further five years in succession, another tender shall be conducted.

However, the same Independent Auditor may only serve for a period of 20 years in succession. Additionally, the current 161st fiscal year marks the third fiscal year since Deloitte Touche Tohmatsu LLC was appointed as the Company's Independent Auditor.

(iv) Audit Compensation

i) Compensation Paid to Certified Public Accountant, etc.

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Audit fees (millions of yen)	Non-audit fees (millions of yen)	Audit fees (millions of yen)	Non-audit fees (millions of yen)
Reporting company	178	42	224	—
Consolidated subsidiaries	60	—	65	—
Total	239	42	289	—

Non-audit fees paid by the Company in the previous fiscal year were for advisory services related to revisions to the internal control reporting system and for the preparation of a comfort letter regarding corporate bond issuance.

ii) Compensation Paid to Member Firms Belonging to the Same Network (Deloitte) to Which the Certified Public Accountant, etc. belong (excluding i))

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Audit fees (millions of yen)	Non-audit fees (millions of yen)	Audit fees (millions of yen)	Non-audit fees (millions of yen)
Reporting company	—	1	—	2
Consolidated subsidiaries	627	103	682	152
Total	627	104	682	154

Non-audit fees paid by the consolidated subsidiaries in the previous and current fiscal years were for tax support services, etc. Non-audit fees paid by the Company in the previous fiscal year and the current fiscal year were for tax support services, etc.

iii) Other Important Audit Fees

Not applicable.

iv) Policy for Determining Audit Compensation

Audit compensation of the Company has been determined based on the comprehensive consideration of audit plans and days spent for audits, among others, and upon obtaining approval of the Audit Committee.

v) Reason for the Audit Committee Consenting to the Compensation Paid to the Independent Auditors

As a result of considering the Independent Auditors' audit team arrangement, audit plan, status of implementation of auditing, establishment of an audit firm quality control system, the estimation of audit compensation, and other matters, the Audit Committee determined that the compensation, etc., to be paid to the Independent Auditors is at a reasonable level, and provided the consent under Article 399, Paragraph 1 of the Companies Act.

(4) Compensation for Officers

(i) Matters on Policy on Determining Compensation Amounts, etc. for Officers and Calculation Methods

i) Policy on Determining Compensation Amounts, etc. for Officers and Calculation Methods

The Company is a Company with Three Board Committees., and the policy concerning compensation, etc., of Directors and Executive Officers (hereinafter referred to as the “Compensation Policy”) is decided by the Compensation Committee.

The Compensation Policy as of the filing date was decided by the resolution of the Compensation Committee in January 2026, based on the Company’s long-term vision, E-Vision 2035, and medium-term management plan, E-Plan 2028. The details are as follows:

a. Compensation for Directors

(a) Objectives and Basic Policy of the Compensation System

Directors’ compensation levels and compensation system shall reflect their roles, etc. at the Board of Directors and each Committee to ensure that Directors supervise the execution of business by Executive Officers in conformance with the Company’s management philosophy and management strategy for the purpose of sustained growth of the Company and increasing corporate value in the medium to long term.

(b) Compensation System

i) Compensation System for Non-executive Directors

Compensation for non-executive Directors consists of basic compensation and long-term incentives, and is determined by the Compensation Committee, as they are expected to fulfill their roles and responsibilities to supervise lawful business execution in a position that is independent of the execution of business. Long-term incentives shall be in the form of restricted stock compensation (RS), which aims to enhance the sharing of value with shareholders by continuously improving corporate value and promoting shareholding by officers. In addition, the Chairperson of the Board of Directors, the Lead Independent Director, the Chairperson of each Committee, and Audit Committee members shall be paid allowances based on the degree of their roles and responsibilities, the number of hours spent for performing such duties, and the like.

ii) Executive Directors

The Company pays compensation as Executive Officer to Executive Director (President and Representative Executive Officer) concurrently serving as Executive Officer and does not pay compensation as Director.

(c) Combination of Compensation

The combination of Directors’ compensation is as follows:

Position	Basic compensation	Short-term performance-linked compensation	Share-based compensation (long-term incentives)	
			Restricted stock compensation	Performance-linked stock compensation
Non-executive Directors	1	–	0.3	–

Note: The above shows a compensation ratio, and the amount of compensation paid to each individual varies.

b. Compensation for Executive Officers

(a) Objectives and Basic Policy of the Compensation System

The compensation system for Executive Officers is linked to short-term and medium- to long-term performance to encourage the execution of business in line with the management philosophy and management strategies and to provide strong motivation for the achievement of management targets. This system also provides an appropriate level of compensation when targets are met for the purpose of sustained growth of the Company and medium- to long-term enhancement of corporate value.

(b) Compensation System

The compensation for Executive Officers comprises basic compensation according to the role of President and Representative Executive Officer or each Executive Officer, a short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation, and is determined by the Compensation Committee. As the Executive Officers are expected to play key roles in the achievement of numerical targets in their business execution, the compensation system is designed to allocate a larger performance-linked portion for Executive Officers in higher roles with greater responsibility.

As for the company-wide and business-level index of the short-term performance-linked compensation, the ROIC and consolidated operating profit, which are consistent with the management goal of profitability improvement, are adopted. In order to practice advanced ESG management toward the realization of a sustainable society through business activities, the Committee introduced ESG metrics. The evaluation items are “E” (Environment) based on the CDP (Climate Change),*¹ GHG emissions (emissions intensity),*² and “S” (Society) based on the Global Engagement Survey.*³ For Executive Officers except for President and Representative Executive Officer, in addition to the company-wide or business-level performance, individual targets are set, and the achievement rate against the target will be evaluated, and the pay rate will be determined through discussion at the Compensation Committee.

*1. ESG evaluation organization for climate change strategies and initiatives to reduce greenhouse gas emissions

*2. GHG emissions per unit of revenue (emissions intensity)

*3. The Global Engagement Survey is an EBARA survey, involving employees of both domestic and overseas Group companies, conducted since 2019 to assess the status of employee engagement in the workplace to achieve the medium- to long-term vision.

Also, as for the index of the performance-linked stock compensation, the consolidated ROIC for the year ending December 31, 2028, which is the final fiscal year of the medium-term management plan E-Plan 2028, will be adopted.

(c) Combination of Compensation

The combination of Executive Officers’ compensation is as follows:

Position	Basic compensation	Short-term performance-linked compensation	Share-based compensation (long-term incentives)	
			Restricted stock compensation	Performance-linked stock compensation
President, Representative Executive Officer	1	0.6	0.3	0.3
Executive Officer	1	0.6	0.2-0.25	0.2-0.25

- Notes:
1. The above shows a compensation ratio, and the amount of compensation paid to each individual varies.
 2. Short-term performance-linked compensation is paid within the range of 0 to 200% based on the level of achievement of company-wide or business-level performance targets.
 3. Performance-linked stock compensation is paid within a range of 0 to 200% based on the level of achievement of company-wide performance targets.

(d) Compensation Levels

The basic compensation is aimed at a level that is comparable with competing companies assumed to have similar businesses and human resources (hereinafter referred to as “domestic peers”). The compensation levels of domestic peers shall be regularly checked and, at the same time, compensation levels according to the roles of each Executive Officer shall be adjusted and determined, with attention also given to employees’ compensation levels (such as disparity with officers, deviation from publicly accepted levels, etc.).

By implementing these measures, the level of total compensation (the sum of the basic compensation, short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation) for Executive Officers of the Company shall be designed to be higher than the level of domestic peers if the targets of strategies and business performance have been successfully achieved and be lower than the compensation level of officers of domestic peers if such performance targets fail to be achieved.

c. Malus and Clawback Clause

In order to deter misconduct such as legal violations or serious wrongful acts by Directors and Executive Officers, to ensure the soundness of remuneration, and to maintain the trust of our shareholders and other stakeholders, the Company has introduced a malus and clawback clause. This allows the Compensation Committee to take actions such as the forfeiture or recoupment of remuneration in the event of such misconduct.

ii) Overview of Institutions and Procedures for Determining the Policy on Determining Compensation Amounts, etc. for Officers and Calculation Methods

The Compensation Policy for officers, etc. is determined by the Compensation Committee, which consists of three Independent Directors to put greater emphasis on transparency and the importance of an objective viewpoint. Specifically, it appointed an expert in corporate law, an executive with experience in corporate management, and a researcher in corporate management from among the Independent Directors.

The primary task of the Compensation Committee is to supervise the compensation systems for Directors and Executive Officers from a strategic viewpoint. Specifically, the Compensation Committee is in charge of examining and determining the compensation systems prepared in line with the management policies of the Company, and determines the Compensation Policy. It also deliberates compensation systems for officers of Group companies as well as Directors and Executive Officers of the Company, and provides its opinions to the Board of Directors. If it is deemed necessary for the activities of the Committee, the Committee may collectively request the opinion of an expert such as a compensation consultant. When selecting such consultants, attention is taken and checks are made in order to ensure their independence.

In order to carry out these activities, the Compensation Committee meets regularly and as necessary, and the results of deliberations at the Compensation Committee are reported to the Board of Directors by the Chairperson of the Committee.

In addition to receiving explanations of the regulations (Basic Policy on Officers' Compensation) prescribed by the Compensation Committee, newly appointed committee members get briefed on the Company's performance and the background and history of compensation systems. Furthermore, a full-time committee secretariat has been established, which provides appropriate support for the operation of the Committee by providing information on such matters as laws and regulations, rules, and standards to the committee members currently in office.

In fiscal 2025, the Compensation Committee met 15 times and resolved the Compensation Policy. It has also determined the amount of basic compensation and short-term performance-linked compensation for each individual Director and Executive Officer based on the Compensation Policy, as well as the details and the number of restricted stock compensation and performance-linked stock compensation.

iii) Reasons Why the Compensation Committee Believes the Details of Individual Compensation for Directors and Executive Officers for the Fiscal Year Ended December 31, 2025 are in Line with the Determination Policy

The Compensation Committee determined the details of individual compensation for Directors and Executive Officers for the fiscal year ended December 31, 2025 after careful deliberation at its meeting based on (a) Objectives and basic policy of the compensation system presented in a. Compensation for Directors and b. Compensation for Executive Officers, as stated above. The committee deliberated (1) whether the amount of basic compensation was in accordance with the roles of each Director and Executive Officer, while taking into account the compensation levels of domestic peers and those of employees; (2) whether the amount of short-term performance-linked compensation for individual Directors and Executive Officers was in accordance with the achievement levels of company-wide performance targets and individual targets for the fiscal year ended December 31, 2025; and (3) whether a prescribed number of shares would be granted under the restricted stock compensation scheme in accordance with the roles of each Director and Executive Officer. Accordingly, the Compensation Committee believes that the details of individual compensation for Directors and Executive Officers for the fiscal year ended December 31, 2025 are in line with the determination policy.

(ii) Payment Items

i) Short-term performance-linked compensation

a. Overview

The mechanism of the short-term performance-linked compensation focuses on incentives for achieving the medium-term management plan, directly determining compensations according to the company-wide or business-level performance and the degree of achievement of targets by individuals. However, in cases such as profit attributable to owners of parent being extremely low or no dividends being paid, the Compensation Committee shall decide on measures such as reducing the short-term performance-linked compensation.

b. Company-wide performance indicator targets and results for fiscal year 2025

Performance indicator	Target for fiscal year 2025	Actual results for fiscal year 2025
Consolidated return on invested capital (ROIC)	11.6%	11.9%
Consolidated operating profit	¥101.5 billion	¥113.8 billion

ii) Long-term Incentives (Restricted stock compensation and performance-linked stock compensation)

a. Overview

Long-term incentives are stock compensation linked to the Company's share price from the perspective of preventing shortsighted management behavior and ensuring interests match with those of shareholders.

The Company's stock compensation consists of the tenure-based restricted stock, which requires continuous service for the Company and some of its Group companies as an officer or employee, and performance-linked stock, which requires the attainment of the Company's mid- to long-term business performance targets, in addition to the aforementioned requirement.

(a) Restricted stock compensation

As a principle, certain numbers of restricted shares will be given to officers, etc. of the Company or its subsidiaries corresponding to their roles per year. Because the objectives are to promote shareholding by officers, etc., and increase value sharing with shareholders, the transfer restricted period is from the share grant date to the day of retirement; thus, the transfer restriction will be lifted when he/she retires from the position of officers, etc. of the Company or its subsidiaries.

(b) Performance-linked stock compensation

For the performance-linked stock compensation, with the standard number of shares to grant set in advance in accordance with the roles of the officers eligible for payment in the first fiscal year of the medium-term management plan, the Company will grant the number of its shares calculated according to the degree of achievement of the consolidated ROIC target for the fiscal year ending December 31, 2028, the final fiscal year of the medium-term management plan. The equivalent of 40% of the allotted shares will be paid in cash.

With regard to the sale of shares granted through stock compensation, the Company has established shareholding guidelines that encourage the holding of a certain quantity of the Company's shares, thereby promoting value sharing with shareholders.

b. Company-wide Performance Indicator Targets and Results for Performance-linked Stock Compensation

Of the long-term incentives, performance-linked stock compensation will be paid at a rate of 0% to 200% based on the level of achievement of the consolidated ROIC target (13.0%) for the fiscal year ending December 31, 2028, the final fiscal year of the medium-term management plan E-Plan 2028.

(iii) Calculation Method of Performance-linked Stock Compensation

i) Overview of the plan

To the Company's Executive Officers (including Officers who concurrently serve as Executive Directors of the Company's subsidiaries), performance-linked stock compensation will be paid for the evaluation period from fiscal 2026 to fiscal 2028 (from January 2026 through December 2028), the period covered by the medium-term management plan, E-Plan 2028.

The same plan will be applied to certain Company's subsidiaries and performance-linked stock compensation calculated by the same calculation method as that for the Company's Executive Officer will be paid.

ii) Calculation method of performance-linked stock compensation

The calculation will be done in accordance with the following method to determine the number of shares and amount of money of performance-linked stock compensation to be paid to each officer eligible for payment, respectively.

a. Officers eligible for payment

As per the performance-linked payment stipulated in Article 34, Paragraph 1, item (iii) of the Corporation Tax Act and Article 34, Paragraph 5 of the same Act, Executive Officers of the Company and Directors of Ebara Environmental Plant Co., Ltd. who are executive officers subjected to deduction are listed as officers eligible for payment.

b. Asset paid as performance-linked stock compensation

Performance-linked stock compensation comprises the Company's common shares and money.

c. Method of calculation of the number of shares individually paid and the amount of money individually paid

(a) Number of shares to be paid individually as performance-linked stock compensation (fractions less than one unit are rounded off)

Standard number of unit (e. (a) below) \times payment rate (e. (b) below) \times 60%

1 unit is 100 shares of the Company's common shares.

However, the upper limit of the total number of the Company's common shares to be paid is 93,300 and the upper limit of the total number of the Company's common shares paid by respective companies are as listed in the table below.

	The Company	Ebara Environmental Plant Co., Ltd.	Total
Upper limit	82,600 shares	10,700 shares	93,300 shares

As for payments to Executive Officers of the Company who are non-residents at the time of payment, they will be paid in money in an amount obtained by multiplying the number of shares individually paid calculated as per the above formula by the price of the Company's common shares as defined below (b).

Note: The "defined amount" stipulated in Article 34, Paragraph 1, item (iii) (a) 1. of the Corporation Tax Act shall be the "upper limit" indicated above.

(b) Individual payment amount of performance-linked stock compensation by money (fractions of less than ¥100 are rounded off)

Standard number of unit (e. (a) below) \times payment rate (e. (b) below) \times 40% \times price of the Company's common shares (Note)

1 unit is 100 shares of the Company's common shares.

Note: The average closing price of the Company's common shares on the Tokyo Stock Exchange two months prior to the month of the meeting of the Company's Board of Directors to resolve the third-party allotment of the Company's common shares related to performance-linked stock compensation by shares in April 2029.

However, the upper limit of total amount of money paid will be ¥3,333 million and the upper limits of the amount of money paid by respective companies are as listed in the table below.

	The Company	Ebara Environmental Plant Co., Ltd.	Total
Upper limit	¥2,953 million	¥380 million	¥3,333 million

The total amount of the monetary remuneration claims granted at the time of payment of performance-linked stock compensation by shares and the amount of money to be paid as performance-linked stock compensation in money shall be ¥8,333 million, and upper limits of the amount of payments by respective companies are as listed in the table below.

	The Company	Ebara Environmental Plant Co., Ltd.	Total
Upper limit	¥7,383 million	¥950 million	¥8,333 million

Note: The "defined amount" stipulated in Article 34, Paragraph 1, item (iii) (a) 1. of the Corporation Tax Act shall be the "upper limit" indicated above.

d. Evaluation period

From January 2026 to December 2028

e. Timing of the payment

The number of the Company's common shares and the amount of money to be paid as calculated by the above formula will

be paid in May 2029.

(a) Standard number of unit

According to the roles of the officers eligible for payment, the Company presets the standard number of unit (1 unit is 100 shares of the Company's common shares) as listed in the table below. The Company will provide the Company's Executive Officers who serve concurrently as the Executive Directors of its consolidated subsidiaries Ebara Environmental Plant Co., Ltd. and Ebara Elliott Energy Holdings, Inc. (hereinafter "subject subsidiary") with certain number of units commensurating with their roles at the Company according to the status of concurrent services.

The Company	Name	Standard number of unit
President, Representative Executive Officer	Shugo Hosoda	148
Executive Officer	Isao Nambu	55
Executive Officer	Seiichi Tsuyuki	35
Executive Officer	Sungyong Lee	25
Executive Officer (serving concurrently as Director at a subject subsidiary) (Note 1)	Takanobu Miyaki	27.5
Executive Officer	Shu Nagata	55
Executive Officer	Masayuki Kai	25
Executive Officer (serving concurrently as Director at a subject subsidiary) (Note 2)	Teruyuki Ota	17.5
Executive Officer	Tetsuya Fuchida	55
Executive Officer	Akihiro Osaki	35
Executive Officer	Toru Nakayama	35
Executive Officer	Hiroyuki Kowase	35
Executive Officer	Norihisa Miyoshi	35
Executive Officer	Kazunori Suda	25
Executive Officer	Miwa Tachiyama	25

- (Notes) 1. For Mr. Takanobu Miyaki, the total standard number of unit is 55 when combining the standard number of unit provided by the Company with the 27.5 units provided by Ebara Elliott Energy Holdings, Inc.
 2. For Mr. Teruyuki Ota, the total standard number of unit is 35 when combining the standard number of unit provided by the Company with the 17.5 units provided by Ebara Environmental Plant Co., Ltd.

Ebara Environmental Plant Co., Ltd.	Name	Standard number of unit
Chairman and Representative Director (Note 1)	Teruyuki Ota	17.5
President and Representative Director	Yoji Sato	19
Director	Takehiko Urushibata	14
Director	Hiroya Nose	14
Director	Akiko Yokoyama	10

- (Note) 1. For Mr. Teruyuki Ota, the total standard number of unit is 35 when combining the standard number of unit provided by Ebara Environmental Plant Co., Ltd. with the 17.5 units provided by the Company.

(b) Payment rate

The Company determines the payment rate based on the following formula in accordance with the consolidated return on invested capital (ROIC) for the fiscal year ending December 31, 2028, the final year of the medium-term management plan, E-Plan 2028.

Payment rate (%) (Note 1) = Consolidated ROIC (Note 2) × 15.385 – 100

Notes: 1. Rounded to the first decimal place. However, if the result of the calculation is 0% or less, it should be 0% (non-payment) and if it is more than 200%, it should be 200%.

2. Consolidated ROIC = {Operating profit – Income tax expense + Share of profit (loss) of investments accounted for using equity method – Profit attributable to non-controlling interests} / {Interest-bearing debt (the average of beginning and ending balances)^{*1} + Total equity attributable to owners of parent (the average of beginning and ending balances)^{*2}} × 100

*1 “Interest-bearing debt (the average of beginning and ending balances)” represents the average of the total of the amounts reported in “Bonds, borrowings and lease liabilities” under current liabilities and non-current liabilities in the consolidated statement of financial position of the Company as of December 31, 2024 and 2025.

*2 “Total equity attributable to owners of parent (the average of beginning and ending balances)” represents the average of the total of the amounts reported in “Total equity attributable to owners of parent” in the consolidated statement of financial position of the Company as of December 31, 2024 and 2025.

iii) Payment requirements of performance-linked stock compensation

The Company’s shares will be issued and money will be paid to the Company’s Executive Officer who held office during the period from the day of Company’s Ordinary General Meeting of Shareholders held on March 26, 2026 until the day of the Company’s Ordinary General Meeting of Shareholders to be held in March 2029 (hereinafter “subject period”), and to the Director of Ebara Environmental Plant Co., Ltd., who held office from the day of the Ordinary General Meeting of Shareholders of the said company held on March 16, 2026 until the day of the Ordinary General Meeting of Shareholders of the said company to be held in March 2029 (hereinafter “subject period”).

iv) Payment Method of performance-linked stock compensation by shares

Payments of performance-linked stock compensation by shares to the Company’s Executive Officers will use the method in which the Company grants monetary remuneration claims to Executive Officers, and have them invest the monetary remuneration claims in the Company as property contributed in kind so that the Company’s common shares are issued or treasury shares are disposed of.

Payments of performance-linked stock compensation by shares to the Directors of Ebara Environmental Plant Co., Ltd. will use the method in which Ebara Environmental Plant Co., Ltd. grants monetary remuneration claims to the Directors and the Company undertakes the obligations related to the monetary remuneration claims of the said company, and then have the Directors invest the monetary remuneration claims in the Company as property contributed in kind so that the Company’s common shares are issued or treasury shares are disposed of.

The amount of money to be paid in for the Company’s common shares to be provided as performance-linked stock compensation by shares shall be decided by the Board of Directors within the scope not especially favorable to the officers eligible for payment who receive the common shares, based on either the average closing price of the Company’s common shares on the Tokyo Stock Exchange during the month prior to the meeting of the Company’s Board of Directors to resolve the third-party allotment related to such common shares, or the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the date of the Board meeting (if trading was not completed on the same day, the closing price on the most recent trading day), whichever is higher.

Also, if the total number of the issued shares of the Company increases or decreases during the subject period due to a stock consolidation or stock split, the upper limit of shares related to performance-linked stock compensation by shares and the number of shares of the Company per unit shall be adjusted according to the ratio of the stock consolidation or stock split.

v) Treatment in case an officer eligible for payment is transferred during the subject period

<The Company>

a. In case an Executive Officer newly assumes office as President and Representative Executive Officer during the subject period

If an Executive Officer newly assumes office as Representative Executive Officer, the standard number of unit for the Executive Officer shall be the number obtained by adding the number calculated by the formula below (fractions less than one unit are rounded off) to the Executive Officer’s standard number of unit, and then the number of shares individually paid and the amount of money individually paid will be calculated.

$$\text{(Current President and Representative Executive Officer’s standard number of unit} - \text{Standard number of unit)} \times \text{Number of months in President and Representative Executive’s office during the subject period (Note) / 36}$$

Note: Fractions less than a month are counted as 1 month.

b. In case an Executive Officer retires during the subject period

If an Executive Officer retires during the subject period, the number calculated by the method below (fractions less than one unit are rounded off) shall be the standard number of unit for the Executive Officer. Also, as for the calculation of the number of shares individually paid and the amount of money individually paid as well as the timing of issuance of shares of the Company and the payment of money, payment will be made in May 2029, in the same way as for the other incumbent Executive Officers, as mentioned in above (iii) Calculation Method of Performance-linked Stock Compensation, ii) Calculation method of performance-linked stock compensation.

$$\text{Standard number of unit} \times \text{Number of months in office during the subject period (Note) / 36}$$

Note: Fractions less than a month are counted as 1 month.

Also, in case of dismissal due to disciplinary action, a payment rate of 0% will be used for calculation.

c. In case an Executive Officer who concurrently serves as a Director of a subject subsidiary retires as a Director of the subsidiary during the subject period

If an Executive Officer who concurrently serves as a Director of a subject subsidiary retires as a Director of the subsidiary

during the subject period, the standard number of unit for the Executive Officer shall be the number obtained by adding the number calculated by the formula below (fractions less than one unit are rounded off) to the Executive Officer's standard number of unit, and then the number of shares individually paid and the amount of money individually paid will be calculated.

Standard number of unit \times (36—Number of months in office as the subsidiary's Director during the subject period (Note)) /36

Note: Fractions less than a month are counted as 1 month.

d. In case an Executive Officer newly assumes a concurrent Director's position of a subject subsidiary during the subject period

If an Executive Officer newly assumes office as a concurrent Director of a subject subsidiary during the subject period, the standard number of unit for the Executive Officer shall be the number obtained by subtracting the number calculated by the formula below (fractions less than one unit are rounded off) from the Executive Officer's standard number of unit, and then the number of shares individually paid and the amount of money individually paid will be calculated.

Standard number of unit \times 50% \times Number of months in office as the subsidiary's concurrent Director during the subject period (Note) /36

Note: Fractions less than a month are counted as 1 month.

e. In case an Executive Officer retires due to death during the subject period

In lieu of the Company's common shares paid as performance-linked stock compensation by shares and money paid as performance-linked stock compensation in money, the amount of money calculated by the formula below (fractions less than ¥100 are rounded off) will be paid to the inheritors of the Executive Officer eligible for payment at the time of retirement.

(Standard number of unit \times 50% \times Number of months in office during the subject period (Note 1) /36) (Note 2) \times Share price at the time of retirement (Note 3)

Notes: 1. Fractions less than a month are counted as 1 month.

2. Less than 1 unit will be rounded down. Also, 1 unit is 100 shares of the Company's common shares.

3. The average share price of the Company's common shares on the Tokyo Stock Exchange for the month prior to the month of retirement

f. In case of organizational restructuring, etc. during the subject period

In case the Company's Board of Directors approves a resolution with regard to a merger, or a stock exchange or stock transfer by which the Company becomes a wholly-owned subsidiary, and the resolution will take effect, in lieu of the Company's common shares paid as performance-linked stock compensation by shares and money paid as performance-linked stock compensation in money, the amount calculated by the formula below (fractions less than ¥100 are rounded off) will be paid to the Executive Officer eligible for payment on the day before the effective date of the said organizational restructuring.

(Standard number of unit (Note 1) \times 50% \times Number of months from the start of the subject period until the effective date of the said organizational restructuring /36) (Note 2) (Note 3) \times the Company's share price (Note 4)

Notes: 1. The standard number of unit for the Executive Officer eligible for payment who was transferred in relation to a. through d. above will be the standard number of unit adjusted as if no organizational restructuring, etc. had occurred until the end of the subject period.

2. Fractions less than a month are counted as 1 month. As for any retired Executive Officers of the Company not belonging to the Company or subject subsidiary, proportional calculation for the number of months until the effective date of organizational restructuring will not be made.

3. Less than 1 unit will be rounded down. Also, 1 unit is 100 shares of the Company's common shares.

4. The average share price of the Company's common shares on the Tokyo Stock Exchange during the month prior to the month of the Ordinary General Meeting of Shareholders in which the matters related to the said organizational restructuring was approved.

<Ebara Environmental Plant Co., Ltd.>

a. If a Director newly assumes office as President and Representative Director during the subject period

If a Director newly assumes office as President and Representative Director, the standard number of unit for the Director shall be the number obtained by adding the number calculated by the formula below (fractions less than one unit are rounded off) to the Director's standard number of unit, and then the number of shares individually paid and the amount of money individually paid will be calculated.

(Current President and Representative Director's standard number of unit—Standard number of unit) \times Number of months in office as President and Representative Director during the subject period (Note) /36

Note: Fractions less than a month are counted as 1 month.

b. In case a Director retires during the subject period

The number calculated by the method below (fractions less than one unit are rounded off) shall be the standard number of unit for the Director. Also, as for the calculation of the number of shares individually paid and the amount of money individually paid as well as the timing of issuance of the Company's shares and payment of money, payment will be made in May 2029, in the same way as for the other incumbent Directors, as mentioned in above (iii) Calculation Method of Performance-linked Stock Compensation, ii) Calculation method of performance-linked stock compensation.

Standard number of unit \times Number of months in office during the subject period (Note) /36

Note: Fractions less than a month are counted as 1 month.

Also, in case of dismissal due to disciplinary action, a payment rate of 0% will be used for calculation.

c. In case a Director retires due to death during the subject period

In lieu of the Company's common shares paid as performance-linked stock compensation by shares and money paid as performance-linked stock compensation in money, the amount of money calculated by the formula below (fractions less than ¥100 are rounded off) will be paid to the inheritors of the Director eligible for payment at the time of retirement.

(Standard number of unit \times 50% \times Number of months in office during the subject period (Note 1) /36) (Note 2) \times Share price at the time of retirement (Note 3)

Notes: 1. Fractions less than a month are counted as 1 month.

2. Less than 1 unit will be rounded down. Also, 1 unit is 100 shares of the Company's common shares.

3. The average share price of the Company's common shares on the Tokyo Stock Exchange for the month prior to the month of retirement

d. In case of organizational restructuring, etc. during the subject period

In case the Company's Board of Directors approves a resolution with regard to a merger, or a stock exchange or stock transfer by which the Company becomes a wholly-owned subsidiary, and the resolution will take effect, in lieu of the Company's common shares paid as performance-linked stock compensation by shares and money paid as performance-linked stock compensation in money, the amount calculated by the formula below (fractions less than ¥100 are rounded off) will be paid to the Director eligible for payment on the day before the effective date of the said organizational restructuring.

(Standard number of unit (Note 1) \times 50% \times Number of months from the start of the subject period until the effective date of the said organizational restructuring / 36) (Note 2) (Note 3) \times the Company's share price (Note 4)

Notes: 1. The standard number of unit for the Director eligible for payment who was transferred in relation to a. through c. above will be the standard number of unit adjusted as if no organizational restructuring, etc. had occurred until the end of the subject period.

2. Fractions less than a month are counted as 1 month. As for newly appointed Directors belonging or not belonging to the Company or subject subsidiary and retired Directors not belonging to the Company or subject subsidiary, proportional calculation for the number of months until the effective date of organizational restructuring will not be made.

3. Less than 1 unit will be rounded down. Also, 1 unit is 100 shares of the Company's common shares.

4. The average share price of the Company's common shares on the Tokyo Stock Exchange during the month prior to the month of the Ordinary General Meeting of Shareholders in which the matters related to the said organizational restructuring was approved.

(iv) Total Amount of Compensation by Category of Position and Type of Compensation, as well as the Number of Eligible Officers

i) Amount of Compensation Paid to Directors and Executive Officers

Category of Position	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type of compensation (millions of yen)				Number of eligible officers (persons)
		Basic compensation	Short-term performance-linked compensation	Restricted stock compensation	Performance-linked stock compensation	
Director (excluding Independent Director)	221	114	–	35	71	3
Executive Officer	1,481	388	277	103	711	18
Independent Director	129	105	–	24	–	8

Notes: 1. The above shows the compensation paid to Directors and Executive Officers as of December 31, 2025 according to their term of office for the fiscal year under review, the compensation paid to one Director and one Independent Director who retired at the conclusion of the 160th Ordinary General Meeting of Shareholders held on March 26, 2025 and one Executive Officer who retired at the conclusion of the meeting of the Board of Directors held on the same day, from January 2025 to the time of their retirement, and the amount of performance-linked stock compensation to be paid to two Executive Officers who retired at the conclusion of the meeting of the 159th Board of Directors held on March 27, 2024.

2. Compensation paid to President and Representative Executive Officer concurrently serving as Director is shown in the column for Executive Officers.

3. Amount of compensation paid to Executive Officers includes ¥180 million (Base compensation: ¥59 million, Short term performance-linked compensation: ¥47 million, and Performance-linked stock compensation: ¥72 million) as compensation that subsidiaries paid to Executive Officers who served concurrently as the officers of the subsidiaries.

4. Short term performance-linked compensation for Executive Officers is linked to the preset individual targets as well as to the company-wide or business-level performance. The achievement rate against the targets is evaluated and the individual amount is determined after deliberations at the Compensation Committee.

5. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation

for the fiscal year under review (to be paid in March 2026), to Executive Officers in office as of December 31, 2025.

6. Restricted stock compensation shown represents the amount of restricted stock compensation paid in the fiscal year under review as well as the portion of the restricted stock compensation paid in the previous fiscal years that should be recorded as an expense in the fiscal year under review.
7. Performance-linked stock compensation shown represents the portion of performance-linked stock compensation to be paid in May 2026 that should be recorded as an expense in the fiscal year under review. The amount of the above compensation for the fiscal year under review has been calculated using the latest share price of the Company and the estimated value of the consolidated ROIC in the management plan for the fiscal year ended December 31, 2025, the final fiscal year of the medium-term management plan E-Plan 2025, and adding the difference between the amount recorded in the previous fiscal year and the amount recorded in the fiscal year under review.

ii) Total Amount of Consolidated Compensation, etc. by Officer of the Reporting Company

Name	Total amount of compensation, etc. (millions of yen)	Category of Company	Total amount of compensation, etc. by type of compensation (millions of yen)			
			Basic compensation	Short-term performance-linked compensation	Restricted stock compensation	Performance-linked stock compensation
Director Chairman of the Company Masao Asami	155	Reporting company	64	–	19	71
President and Representative Executive Officer Shugo Hosoda	189	Reporting company	48	35	13	92
Executive Officer Shu Nagata	128	Reporting company	31	17	7	72
Executive Officer Takanobu Miyaki	45	Reporting company	1	–	8	36
	86	Ebara Elliott Energy Holdings, Inc.	30	20	–	36
Executive Officer Hideki Yamada	45	Reporting company	1	–	7	36
	93	Ebara Environmental Plant Co., Ltd.	29	27	–	36
Executive Officer Isao Nambu	117	Reporting company	29	20	6	59

- Notes:
1. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation for the fiscal year under review (to be paid in March 2026).
 2. Restricted stock compensation shown represents the amount of restricted stock compensation paid in the fiscal year under review, as well as the portion of restricted stock compensation paid in previous fiscal years (including phantom stock), that should be recorded as an expense in the fiscal year under review (excluding amounts previously recorded as provisions in previous fiscal years).
 3. Performance-linked stock compensation shown represents the portion of performance-linked stock compensation to be paid in May 2026 that should be recorded as an expense in the fiscal year under review. The amount of the above compensation for the fiscal year under review has been calculated using the latest share price of the Company and the estimated value of the consolidated ROIC in the management plan for the fiscal year ended December 31, 2025, the final fiscal year of the medium-term management plan E-Plan 2025, and adding the difference between the amount recorded in the previous fiscal year and the amount recorded in the fiscal year under review.
 4. For Executive Officers who concurrently serve as officers of subsidiaries, the amount including compensation received from the subsidiaries is shown.

iii) Significant Items of Employee Salaries Paid to Officers Concurrently Serving as Employees

Not applicable.

(5) Shareholdings

(i) Standards for and Views on Classification of Investment Shares

The Company classifies investment shares by holding purpose into pure investment shares only for the purpose of receiving returns from share price fluctuations and/or dividends and other investment shares for the purpose of maintaining and strengthening business relationships. Among other investment shares, the Company also classifies listed shares as specified investment shares and shares other than those as unlisted shares.

Regarding shares with voting rights exercisable based on the provisions of agreements such as trust agreements or laws, the Company classifies them as deemed holdings of investment shares.

(ii) Investment Shares Held for Purposes Other Than Pure Investment

i) Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues

Shareholding policy, method of verification of the rationale for shareholdings:

The Company holds investment shares held for purposes other than pure investment (listed shares only) and deemed holdings of investment shares only when it deems business alliances with investees through shareholdings will help enhance the Group's corporate value. The Board of Directors regularly reviews the following perspectives to verify the rationale for shareholdings. The Company disposes of investment shares as needed by selling them or taking other actions when they are deemed to be less reasonable.

Perspectives to verify the rationale for shareholdings:

- a. A business alliance with an investee is important, and maintaining the relationship with them is necessary.
- b. Returns and risks of shareholdings are worth the capital cost.

As of December 31, 2025, the Company does not hold specified investment shares or deemed holdings of investment shares.

ii) Number of issues and carrying amount

	Number of issues (Issue)	Total carrying amount on balance sheet (millions of yen)
Unlisted shares	11	1,228
Shares other than unlisted shares	–	–

Issues whose number of shares increased during the fiscal year ended December 31, 2025

	Number of issues (Issue)	Total acquisition cost for the shares increased (millions of yen)	Reason for increase in number of shares
Unlisted shares	2	602	Additional investment with the aim of strengthening collaboration with venture companies
Shares other than unlisted shares	–	–	–

Issues whose number of shares decreased during the fiscal year ended December 31, 2025

	Number of issues (Issue)	Total selling price for the shares decreased (millions of yen)
Unlisted shares	5	75
Shares other than unlisted shares	–	–

iii) Number and carrying amount of specified investment shares and deemed holdings of investment shares by issue

Not applicable.

(iii) Investment Shares Held for Pure Investment

Not applicable.

(iv) Investment Shares Whose Holding Purpose Was Changed from Pure Investment to Other Than Pure Investment during the Fiscal Year under Review

Not applicable.

(v) Investment Shares Whose Holding Purpose Was Changed from Other Than Pure Investment to Pure Investment during the Fiscal Year under Review and the Four Preceding Fiscal Years

Not applicable.

V. Financial Information

1. Basis for preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared in accordance with IFRS Accounting Standards pursuant to the provisions of Article 312 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976; hereinafter the “Regulation on Consolidated Financial Statements”).

2. Audit certification

The Company’s consolidated financial statements for the fiscal year ended December 31, 2025 were audited by Deloitte Touche Tohmatsu LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special measures to ensure the appropriateness of consolidated financial statements

The Company has taken special measures to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation and participates in seminars hosted by the foundation to establish a system that allows the Company to understand accounting standards properly.

4. Establishment of a system to enable the proper preparation of consolidated financial statements, etc. in accordance with IFRS Accounting Standards

The Company obtains press releases and standards issued by the International Accounting Standards Board from time to time to understand the latest standards. The Company has prepared the Group accounting manual in accordance with IFRS Accounting Standards and developed a system to enable the proper preparation of consolidated financial statements, etc. under IFRS Accounting Standards.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated statement of financial position

(Millions of yen)

	Notes No.	As of December 31, 2024	As of December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	7	171,031	143,485
Trade and other receivables	8, 35	170,282	209,180
Contract assets	28	116,792	119,684
Inventories	9	205,960	197,695
Income taxes receivable		2,104	860
Other financial assets	10, 35	3,798	3,581
Other current assets	18	35,339	42,905
Total current assets		705,309	717,392
Non-current assets			
Property, plant and equipment	11, 14	201,991	258,032
Goodwill and intangible assets	12, 14	53,796	61,472
Investments accounted for using equity method	16	8,683	8,001
Deferred tax assets	17	19,266	23,444
Other financial assets	10, 35	5,983	5,086
Other non-current assets	18	10,054	8,770
Total non-current assets		299,775	364,808
Total assets		1,005,085	1,082,201

(Millions of yen)

	Notes No.	As of December 31, 2024	As of December 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	19, 35	167,452	148,175
Contract liabilities	28	108,778	82,498
Bonds, borrowings and lease liabilities	20, 35	55,607	131,746
Income taxes payable		13,915	15,420
Provisions	23	11,895	14,437
Other financial liabilities	21, 35	1,383	1,112
Other current liabilities	22	46,308	54,953
Total current liabilities		405,340	448,343
Non-current liabilities			
Bonds, borrowings and lease liabilities	20, 35	94,825	92,989
Retirement benefit liability	24	8,917	8,855
Provisions	23	3,289	3,947
Deferred tax liabilities	17	2,423	2,153
Other financial liabilities	21, 35	594	80
Other non-current liabilities	22	4,357	4,164
Total non-current liabilities		114,408	112,191
Total liabilities		519,748	560,534
Equity			
Share capital	25	80,639	80,751
Capital surplus	25	76,707	77,701
Retained earnings	25	272,382	319,262
Treasury shares	25	(323)	(20,326)
Other components of equity		43,871	51,486
Total equity attributable to owners of parent		473,277	508,875
Non-controlling interests		12,059	12,790
Total equity		485,336	521,666
Total liabilities and equity		1,005,085	1,082,201

(ii) Consolidated statement of income

(Millions of yen)

	Notes No.	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue	28	866,668	958,285
Cost of sales		579,699	646,341
Gross profit		286,969	311,944
Selling, general and administrative expenses	29	183,201	197,892
Other income	30	4,085	3,884
Other expenses	30	9,899	4,134
Operating profit		97,953	113,802
Finance income	32	3,897	2,864
Finance costs	32	4,185	6,769
Share of profit (loss) of investments accounted for using equity method	16	2,186	1,080
Profit before tax		99,852	110,977
Income tax expense	17	25,361	31,384
Profit		74,491	79,592
Profit attributable to			
Owners of parent		71,401	76,633
Non-controlling interests		3,089	2,959
Earnings per share			
Basic earnings per share (Yen)	33	154.62	166.31
Diluted earnings per share (Yen)	33	154.43	166.15

(Note) The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Basic earnings per share and diluted earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(iii) Consolidated statement of comprehensive income

(Millions of yen)

	Notes No.	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit		74,491	79,592
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(339)	(899)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		(85)	(1,123)
Share of other comprehensive income of investments accounted for using equity method		(145)	(56)
Total of items that will not be reclassified to profit or loss		(570)	(2,079)
Items that may be reclassified to profit or loss			
Cash flow hedges		(262)	232
Exchange differences on translation of foreign operations		15,950	7,905
Total of items that may be reclassified to profit or loss		15,687	8,138
Total other comprehensive income, net of tax	34	15,116	6,058
Total		89,607	85,651
Comprehensive income attributable to			
Owners of parent		85,919	82,287
Non-controlling interests		3,688	3,363

(iv) Consolidated statement of changes in equity
Fiscal year ended December 31, 2024

(Millions of yen)

	Notes No.	Equity attributable to owners of parent					
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period		80,489	76,593	224,267	(306)	28,243	592
Changes during the year							
Comprehensive income							
Profit		–	–	71,401	–	–	–
Other comprehensive income		–	–	–	–	15,352	(207)
Total		–	–	71,401	–	15,352	(207)
Transactions with owners							
Dividends	26	–	–	(22,763)	–	–	–
Purchase of treasury shares	25	–	–	–	(17)	–	–
Disposal of treasury shares	25	–	0	–	0	–	–
Share-based payment transactions	27	149	377	–	–	–	–
Change in scope of consolidation		–	–	–	–	–	–
Acquisition and disposal of non-controlling interests		–	(264)	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	(522)	–	–	157
Total transactions with owners		149	113	(23,285)	(16)	–	157
Balance at end of period		80,639	76,707	272,382	(323)	43,596	543

(Millions of yen)

Equity attributable to owners of parent							
Other components of equity							
	Notes No.	Cash flow hedges	Remeasurements of defined benefit plans	Total	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of period		(5)	–	28,830	409,875	11,697	421,572
Changes of the year							
Comprehensive income							
Profit		–	–	–	71,401	3,089	74,491
Other comprehensive income		(262)	(364)	14,518	14,518	598	15,116
Total		(262)	(364)	14,518	85,919	3,688	89,607
Transactions with owners							
Dividends	26	–	–	–	(22,763)	(3,217)	(25,980)
Purchase of treasury shares	25	–	–	–	(17)	–	(17)
Disposal of treasury shares	25	–	–	–	0	–	0
Share-based payment transactions	27	–	–	–	527	–	527
Change in scope of consolidation		–	–	–	–	22	22
Acquisition and disposal of non-controlling interests		–	–	–	(264)	(131)	(396)
Transfer from other components of equity to retained earnings		–	364	522	–	–	–
Total transactions with owners		–	364	522	(22,516)	(3,326)	(25,843)
Balance at end of period		(268)	–	43,871	473,277	12,059	485,336

	Notes No.	Equity attributable to owners of parent				Other components of equity	
		Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period		80,639	76,707	272,382	(323)	43,596	543
Changes of the year							
Comprehensive income							
Profit		–	–	76,633	–	–	–
Other comprehensive income		–	–	–	–	7,500	(1,155)
Total		–	–	76,633	–	7,500	(1,155)
Transactions with owners							
Dividends	26	–	–	(27,718)	–	–	–
Purchase of treasury shares	25	–	–	(74)	(20,003)	–	–
Disposal of treasury shares	25	–	0	–	0	–	–
Share-based payment transactions	27	112	1,097	–	–	–	–
Change in scope of consolidation		–	–	–	–	–	–
Acquisition and disposal of non-controlling interests		–	(103)	–	–	–	–
Capital increase of subsidiary with non-controlling interests		–	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	(1,961)	–	–	1,037
Total transactions with owners		112	994	(29,754)	(20,003)	–	1,037
Balance at end of period		80,751	77,701	319,262	(20,326)	51,097	425

(Millions of yen)

	Equity attributable to owners of parent				Total equity attributable to owners of parent	Non-controlling interests	Total
	Notes No.	Cash flow hedges	Remeasurements of defined benefit plans	Total			
Balance at beginning of period		(268)	–	43,871	473,277	12,059	485,336
Changes of the year							
Comprehensive income							
Profit		–	–	–	76,633	2,959	79,592
Other comprehensive income		232	(923)	5,653	5,653	404	6,058
Total		232	(923)	5,653	82,287	3,363	85,651
Transactions with owners							
Dividends	26	–	–	–	(27,718)	(2,390)	(30,109)
Purchase of treasury shares	25	–	–	–	(20,077)	–	(20,077)
Disposal of treasury shares	25	–	–	–	0	–	0
Share-based payment transactions	27	–	–	–	1,210	–	1,210
Change in scope of consolidation		–	–	–	–	–	–
Acquisition and disposal of non-controlling interests		–	–	–	(103)	(244)	(347)
Capital increase of subsidiary with non-controlling interests		–	–	–	–	2	2
Transfer from other components of equity to retained earnings		–	923	1,961	–	–	–
Total transactions with owners		–	923	1,961	(46,688)	(2,632)	(49,321)
Balance at end of period		(36)	–	51,486	508,875	12,790	521,666

(v) Consolidated statement of cash flows

(Millions of yen)

	Notes No.	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities			
Profit before tax		99,852	110,977
Depreciation and amortization		30,011	34,804
Impairment losses		7,220	1,435
Interest and dividend income		(1,703)	(2,170)
Interest expenses		3,754	4,022
Foreign exchange loss (gain)		1,947	(1,967)
Share of loss (profit) of investments accounted for using equity method		(2,186)	(1,080)
Loss (gain) on sale of fixed assets		(1,214)	(66)
Decrease (increase) in trade and other receivables		508	(35,608)
Decrease (increase) in contract assets		(12,306)	(1,453)
Decrease (increase) in inventories		(162)	11,598
Increase (decrease) in trade and other payables		(12,696)	(25,140)
Increase (decrease) in contract liabilities		11,360	(27,327)
Increase (decrease) in provisions		258	2,639
Increase or decrease in retirement benefit asset or liability		(991)	(633)
Decrease/increase in consumption taxes receivable/payable		(2,300)	(2,096)
Other		3,694	5,859
Subtotal		125,043	73,792
Interest received		1,489	1,891
Dividends received		588	1,723
Interest paid		(3,606)	(3,921)
Income taxes paid		(22,574)	(32,730)
Net cash provided by (used in) operating activities		100,940	40,755
Cash flows from investing activities			
Payments into time deposits		(3,499)	(4,324)
Proceeds from withdrawal of time deposits		3,969	5,045
Purchase of investment securities		(0)	(600)
Proceeds from sales and redemption of investment securities		8	315
Purchase of property, plant and equipment, and intangible assets		(50,892)	(92,214)
Proceeds from sale of property, plant and equipment		1,941	699
Purchase of shares of subsidiaries resulting in change in scope of consolidation		(325)	–
Other		243	(152)
Net cash provided by (used in) investing activities		(48,554)	(91,232)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	36	(8,054)	66,546
Proceeds from long-term borrowings	36	1,595	36,178
Repayments of long-term borrowings	36	(2,491)	(14,062)
Repayments of lease liabilities	36	(6,571)	(6,523)
Proceeds from issuance of bonds	36	10,000	–
Proceeds from issuance of shares		0	0
Redemption of bonds		–	(15,000)
Purchase of treasury shares		(17)	(20,077)
Dividends paid		(22,763)	(27,718)
Dividends paid to non-controlling interests		(3,217)	(2,390)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(397)	(118)
Other		0	2
Net cash provided by (used in) financing activities		(31,915)	16,836
Effect of exchange rate changes on cash and cash equivalents		4,310	3,780
Hyperinflation adjustment	41	(1,809)	2,312
Net increase (decrease) in cash and cash equivalents		22,971	(27,546)
Cash and cash equivalents at beginning of period	7	148,059	171,031
Cash and cash equivalents at end of period	7	171,031	143,485

Notes to the Consolidated Financial Statements

1. Reporting entity

EBARA CORPORATION (hereinafter the “Company”) is a company incorporated in Japan with a registered head office address in Ota-ku, Tokyo. The consolidated financial statements for the current fiscal year (from January 1, 2025, to December 31, 2025) are comprised of the accounts of the Company and its consolidated subsidiaries (hereinafter the “Group”), as well as its interests in associates and jointly controlled entities. The Group is engaged in five businesses defined by the target market that they each serve: Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery.

Details of the Group’s main business lines and activities are provided in “6. Operating segments.”

2. Basis of preparation

(1) Compliance with IFRS Accounting Standards

The Group’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. Since the Company satisfies the requirements of a specified company complying with designated international accounting standards provided in Article 1-2, Item 1 of the Regulation on Consolidated Financial Statements, it has adopted the provisions of Article 312 of the same Regulation.

The Group’s accounting policies comply with IFRS Accounting Standards effective as of December 31, 2025, except for those IFRS Accounting Standards that have not been adopted early.

The consolidated financial statements were approved on March 23, 2026, by President, Representative Executive Officer, CEO & COO Shugo Hosoda.

(2) Basis of measurement

The Group’s consolidated financial statements have been prepared on a historical cost basis, except for financial instruments and other items described in “3. Material accounting policies” and “41. Hyperinflation adjustment.”

(3) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen, the Company’s functional currency, and amounts less than one million yen have been rounded down to the nearest million yen.

3. Material accounting policies

(1) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an investee if it not only has power over the investee and exposure to variable returns from its involvement with the investee but can also use its power to affect its returns from the investee.

The Group includes non-consolidated financial statements of a subsidiary in the consolidated financial statements from when it gains control until when it ceases to control the subsidiary. If control continues after the disposal of a portion of the Group’s interest in a subsidiary, the change in the Group’s interest is accounted for as an equity transaction, and the difference between the adjusted amount of the non-controlling interest and the fair value of the consideration is recognized directly in equity as equity attributable to owners of the parent. When the Group loses control of a subsidiary, it recognizes gains or losses arising from the loss of control in profit or loss.

If the accounting policies adopted by a subsidiary differ from those adopted by the Group, adjustments are made to the financial statements of the subsidiary as necessary to ensure consistency with the accounting policies adopted by the Group.

The balances of receivables, payables, and transactions within the Group, as well as unrealized gains and losses arising from transactions within the Group are eliminated in preparing the consolidated financial statements.

(ii) Associates and joint ventures

An associate is an entity over which the Group has significant influence over its financial and operating policy decisions but not joint control or control of those policies. Investments in associates are accounted for using the equity method.

A joint venture is an entity for which multiple parties, including the Group, share the contractually agreed control of an arrangement, and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method.

Investments in associates are initially recognized at cost. The Group's interests in profit (loss) and other comprehensive income of associates are recognized as changes in investments in associates from when it gains significant influence until when it loses significant influence.

Investments in joint ventures are initially recognized at cost. The Group's interests in profit (loss) and other comprehensive income of joint ventures are recognized as changes in investments in joint ventures from when it gains joint control until when it loses joint control.

The accounting policies of the companies accounted for using the equity method have been revised as necessary to ensure consistency with the accounting policies adopted by the Group.

If the Group's interests in loss exceed an investment in the companies accounted for using the equity method, the Group reduces the carrying amount of the investment to zero and does not recognize any further losses unless the Group assumes or pays obligation on behalf of the investee.

(iii) Business combinations

The Group accounts for business combinations using the acquisition method. The Group initially measures non-controlling interests as its proportionate interests in the acquiree's net identifiable assets at the acquisition date.

If the total amount of fair value of the consideration paid, the amount of non-controlling interests of the acquiree, and, in case of a step acquisition, the acquisition-date fair value of equity held by the Company in the acquiree pre-acquisition exceeds the net value of identifiable assets and liabilities assumed at the acquisition date, the excess is recognized as goodwill. On the other hand, if the total amount of consideration is lower than the net value of identifiable assets and liabilities, the difference is recognized as a gain in profit or loss.

Acquisition-related costs are expensed as incurred, except for costs to issue debt or equity instruments.

If the initial accounting of a business combination is incomplete by the end of the fiscal year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. If the Group obtains information about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amount recognized as of that date during the period in which the measurement of the amounts recognized is deemed to have been affected (hereinafter, the "measurement period"), the Group reflects such information and retrospectively adjusts the provisional amounts recognized at the acquisition date. This new information may result in an additional recognition of assets and liabilities. The measurement period does not exceed one year from the acquisition date.

(2) Foreign exchange translation

(i) Foreign currency transaction

Foreign currency transactions are translated into each functional currency of the Group companies using exchange rates as of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at exchange rates as of the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currency are translated into the functional currency at exchange rates as of the fair value measurement date. Non-monetary items measured at cost denominated in foreign currency are translated at exchange rates as of the transaction date. The amount of exchange difference on foreign currency translation is normally recognized in profit or loss and presented as finance costs. If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into the presentation currency at exchange rates as of the end of the reporting period. Revenue and costs of foreign operations are translated at the average rate for the reporting period, except for when exchange rates fluctuate significantly. Exchange difference in foreign currency translation is recognized in other comprehensive income and accumulated in translation adjustments except for the component allocated to non-controlling interests. When all or part of foreign operations are disposed of, and control, significant influence or joint control is lost, the cumulative amounts of foreign currency translation adjustments related to such foreign operations are reclassified to profit or loss as part of a gain or loss on disposal. When the Group partly disposes of equity in a subsidiary but retains control, part of the cumulative amount is redistributed to non-controlling interests

as appropriate. When the Group only partly disposes of an associate or a joint venture while retaining control, part of the cumulative amount is reclassified to profit or loss as appropriate. Revenues and expenses of subsidiaries in a hyperinflationary economy are translated into the presentation currency at the exchange rates prevailing at the fiscal year-end through the application of hyperinflationary accounting. Details of hyperinflationary accounting are stated in “41. Hyperinflation adjustment.”

(3) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes trade receivables on the date when they arise. The Group initially recognizes other financial assets on the transaction date when the Group becomes a party to the contractual provisions of these financial instruments.

The Group derecognizes a financial asset if the contractual rights to the cash flows from the financial asset expire or when the Group transfers the contractual rights to receive the cash flows of the financial asset in transactions in which the Group substantially transfers all the risks and rewards of ownership of the financial asset. In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and does not retain control of the financial asset, the Group derecognizes the asset.

The classification of financial assets and the measurement models are outlined as follows:

i) Financial assets measured at amortized cost

Financial assets which satisfy both of the following conditions are classified as financial assets measured at amortized cost:

- The objective of the entity’s business model is to hold the financial asset to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets measured at amortized cost are measured at their fair value plus transaction costs directly attributable to the acquisition. After initial recognition, impairment losses are deducted from the gross carrying amount to which the effective interest method is applied.

ii) Financial assets measured at fair value through profit or loss

Financial assets, except for those measured at amortized cost, are classified as financial assets measured at fair value.

Financial assets measured at fair value other than those classified as financial assets measured at fair value through other comprehensive income are classified as those measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at their fair value upon initial recognition, and transaction costs directly attributable to their acquisition are recognized in profit or loss as incurred. After initial recognition, the financial assets are measured at fair value with subsequent changes recognized in profit or loss.

iii) Financial instruments measured at fair value through other comprehensive income

Those which satisfy both of the following conditions of debt instruments measured at fair value are classified as financial assets measured at fair value through other comprehensive income.

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets measured at fair value through other comprehensive income are measured at their fair value plus transaction costs directly attributable to the acquisition. Interest, foreign exchange gain or loss, and impairment losses are recognized in profit or loss, and other changes in fair value are recognized in other comprehensive income.

At initial recognition, entities are permitted to make an irrevocable election to present in other comprehensive income any subsequent changes in the fair value of an investment in an equity instrument not held for trading. Accordingly, the Group makes such a designation on an instrument-by-instrument basis and classifies it as an equity instrument measured at fair value through other comprehensive income.

At initial recognition, equity instruments measured at fair value through other comprehensive income are measured at their fair value plus transaction costs directly attributable to the acquisition. After the initial recognition, the equity instruments are measured at fair value with any subsequent changes recognized in other comprehensive income. If the equity instruments are derecognized (or their fair value declines significantly), the amounts measured and recognized through other

comprehensive income are reclassified to retained earnings on a cumulative basis instead of reclassified to profit or loss. Dividends received are recognized in profit or loss unless they clearly indicate the recovery of costs of investments.

(ii) Impairment of financial assets

The Group recognizes a provision for bad debts corresponding to expected credit losses on financial assets measured at amortized cost. The Group determines at the end of the reporting period whether or not credit risk has increased significantly since initial recognition. If the credit risk of a financial instrument has increased significantly since initial recognition, a provision for bad debts for such financial assets is measured at the amount equal to lifetime expected credit losses. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses. Notwithstanding the above, the Group always measures the provision for bad debts equal to lifetime expected credit losses for trade receivables, contract assets, and lease receivables that do not contain a significant financing component.

The Group judges whether or not there is any significant increase in credit risk based on changes in the risk of default. A default is defined as a situation where all or part of a financial asset is not reasonably expected to be collected because a debtor has a significant issue with the payment of contractual cash flows. To determine whether the risk of default has changed or not, the Group mainly considers credit ratings by outside credit rating agencies and past-due information. If the Group determines the credit risk of a financial instrument is low at the end of the reporting period, the risk is deemed not to have significantly increased since the initial recognition. The Group determines that credit risk has increased significantly if the payment is, in principle, more than 30 days overdue. To determine changes in credit risk, the Group considers reasonable and supportable information available without undue cost or effort. The Group determines that there is no significant increase in credit risk if the presumption is rebuttable based on the said information.

The Group determines that the receivables are credit impaired if the debtor's financial position deteriorates considerably or the debtor commences legal liquidation proceedings primarily due to bankruptcy. For any debt found to be uncollectible in the future, the Group directly reduces the carrying amount of the financial asset and the corresponding amount in the provision for bad debts. The provision for bad debts for financial assets is recognized in profit or loss. When an event occurs that reduces the provision for bad debts, its reversal is recognized in profit or loss.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- ii) time value of money, and
- iii) reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions.

(iii) Non-derivative financial liabilities

The Group initially recognizes financial liabilities on the date when they arise and measure them at amortized cost. At initial recognition, the financial liabilities are measured at their fair value minus transaction costs that are directly attributable to the issue of the liabilities. After initial recognition, they are measured at amortized cost based on the effective interest method.

Financial liabilities are derecognized when financial debts are extinguished; in other words, when debts specified in the contracts are discharged, canceled, or expired.

i) Contingent considerations

Contingent considerations are included in other financial liabilities and are classified as financial liabilities measured at fair value through profit or loss. Their fair values are calculated by estimating the amount of considerations to be paid, taking into account future operating results and other relevant factors.

(iv) Derivatives and hedge accounting

The Group utilizes derivative transactions such as forward exchange contracts and interest rate swaps to hedge risks of fluctuation in foreign exchange and interest rates.

The Group formally designates and documents risk management objectives and strategies regarding hedging relationships and hedge transactions at their inception. The document identifies the hedging instruments, items, or transactions to be hedged, the nature of risks to be hedged, and the methods to evaluate the effectiveness of hedging instruments to offset the exposure of hedged items to changes in fair value or cash flows attributable to the risks being hedged. While the Group deems these hedging transactions are extremely effective to offset changes in fair values or cash flows attributable to the risks being hedged,

assessment has been continued to determine whether they were, in effect, extremely effective throughout the accounting period they were designated as hedge instruments.

Derivatives are initially recognized at fair value. After initial recognition, they are measured at fair value with any subsequent changes being accounted for as follows:

i) Fair value hedges

Changes in the fair value of derivatives as a hedging instrument are recognized in profit or loss. Changes in the fair value of a hedged item attributable to the risk being hedged are recognized in profit or loss by adjusting the carrying amount of the hedged item.

ii) Cash flow hedges

The portion of changes in the fair value of derivatives as a hedging instrument determined to be an effective hedge is recognized in other comprehensive income.

The amount recognized in other comprehensive income is transferred from other components of equity to profit or loss in the reporting period when the transaction being hedged affects profit or loss. However, if a hedge of a forecast transaction subsequently results in recognition of a non-financial asset or a non-financial liability, the amount recognized in other comprehensive income is accounted for as an adjustment to the initial carrying amount of the non-financial asset or non-financial liability.

If a hedging instrument expires or is sold, terminated, or exercised, and the instrument no longer meets the qualifying criteria for hedge accounting even after adjusting the hedge ratio, the Group discontinues hedge accounting prospectively. If a forecast transaction is no longer expected, the amount recognized as other comprehensive income is immediately reclassified from other components of equity to profit or loss.

iii) Derivatives not designated as a hedge

Changes in the fair value of such derivatives are recognized in profit or loss.

(v) Offsetting financial assets and financial liabilities

A financial asset and a financial liability are presented on a net basis after offsetting only when the Group has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to a certain amount of cash with a maturity of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

(5) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes all costs of purchase, manufacturing and processing costs, and other costs incurred in bringing the inventories to their present location and condition and allocated based mainly on the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Property, plant and equipment (excluding right-of-use assets):

(i) Recognition and measurement

The Group adopts the cost model for measuring property, plant and equipment after recognition. It is presented at cost less any accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises any costs directly related to the acquisition, estimated costs for dismantling and removing the asset and restoring the site on which it is located, and borrowing costs attributable to a qualifying asset.

Expenditures incurred after the acquisition of property, plant and equipment for ordinary repairs and maintenance are expensed as incurred, whereas those for major replacements and improvements are capitalized when the expenditure is expected to bring future economic benefits to the Group.

(ii) Depreciation

Property, plant and equipment, excluding land and construction in progress, are depreciated from when they are available for use on a straight-line basis over their respective estimated useful lives. The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures	2 to 60 years
Machinery, equipment, and vehicles	2 to 38 years

The depreciation method, estimated useful lives, and residual values are reviewed at the end of each reporting period and revised as necessary.

(7) Goodwill and intangible assets

(i) Goodwill

For the measurement of goodwill at initial recognition, see “(1) Basis of consolidation, (iii) Business combinations.” Goodwill is not amortized but tested for impairment at the same time every year and whenever there is any indication that it may be impaired. While impairment losses on goodwill are recognized in profit or loss, they are not reversed.

After the initial recognition, goodwill is presented at cost less any accumulated impairment losses.

(ii) Intangible assets (excluding right-of-use assets):

Intangible assets acquired separately are measured at cost. The costs of intangible assets acquired through business combinations are measured at fair value on the date of the business combination.

The Group adopts the cost model for the measurement of intangible assets after recognition. It is presented at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with a finite useful life are amortized on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of major intangible assets are as follows:

Software for internal use	5 years
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Intangible assets with an indefinite useful life and those not yet available for use are not amortized, and impairment tests are conducted at the same time each year, and whenever an impairment indicator is identified.

The depreciation method and useful lives are reviewed at the end of each reporting period and revised as necessary.

(8) Leases

(Lessee)

The Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease. The Group assesses whether the contract is, or contains, a lease based on the substance of the contract, even if it does not have a legal form of a lease. The lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease (if the Group is reasonably certain to exercise that option) and periods covered by an option to terminate the lease (if the Group is reasonably certain not to exercise that option).

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease obligation adjusted for any lease payments made at or before the commencement date, less any lease incentives received, with the addition of any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located.

After initial measurement, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined in the same way as for property, plant and equipment held by the Company.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Company and the Group as lessees use their incremental borrowing rate. Generally, the Company and the Group use the incremental borrowing rate as a discount rate.

Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the assessment on whether to exercise an option to purchase the underlying asset, to extend or terminate the lease, or if there is a change in the lease term, such as a revision to the non-cancellable period. In these remeasurements of lease liabilities, corresponding adjustments are made to the carrying amount of right-of-use assets or recognized in profit or loss if the carrying amount of right-of-use assets is reduced to zero.

Right-of-use assets and lease liabilities are presented in the consolidated statement of financial position under "Property, plant and equipment" and under "Bonds, borrowings and lease liabilities," respectively.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets or lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Group recognizes lease payments on these leases as expenses on a straight-line basis over the lease term.

(Lessor)

For operating lease transactions, the Group recognizes underlying assets in the consolidated statement of financial position and recognizes lease payments received as profit in the consolidated statement of income on a straight-line basis over the lease term.

(9) Impairment of non-financial assets

The Group assesses whether there is any indication of impairment on non-financial assets including property, plant and equipment as well as intangible assets.

If there is an indication of impairment, the Group measures the recoverable amount of each individual asset or cash-generating unit. Further, the Group does not amortize goodwill, intangible assets with indefinite useful lives, or intangible assets not yet available for use but instead performs an impairment test at the same time every fiscal year and whenever there is an indication of impairment.

In performing the impairment test, the Group aggregates the assets to the smallest group of assets that generates cash inflows from continuing use that are largely independent of those from other assets or groups of assets. As the Group's corporate assets do not generate independent cash inflows, if there is an indication that a corporate asset may be impaired, the recoverable amount is estimated for the cash-generating unit that includes the corporate asset.

The recoverable amount is determined at the higher of its value in use and its fair value less costs of disposal. The value in use is determined at the present value of the estimated future cash flows discounted at the pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss, and the carrying amount of the asset is reduced to the recoverable amount. An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of goodwill included in the cash-generating unit. Then the carrying amount of other assets in the cash-generating unit is reduced proportionately.

An impairment loss for goodwill is not reversed. An impairment loss for non-financial assets other than goodwill is reversed if there is an indication that the impairment loss may no longer exist or may have been reduced and the recoverable amount exceeds the carrying amount after the write-down. In reversing the impairment loss, the difference between the recoverable amount and the carrying amount is recognized in profit or loss within a range that does not exceed the carrying amount had no impairment losses been recognized for the asset in prior periods.

(10) Employee benefits

(i) Post-employment benefits

(Defined benefit plans)

The Group calculates defined benefit obligations by estimating the amount of future benefits employees earned as consideration for services provided in the prior and current fiscal years and then discounting the estimated amount to the present value. The discount rate is determined by reference to market yields at the end of the fiscal year on high-quality corporate bonds with more or less the same maturity as the Group's defined benefit obligations.

Retirement benefit asset or retirement benefit liability is recognized at the present value of defined benefit obligations less the fair value of plan assets (including adjustment of the plan asset ceiling). Service cost and net interest on net defined benefit liability (asset) are recognized in profit or loss.

An increase or a decrease arising from remeasurements of defined benefit plans is recognized at a lump sum in other comprehensive income for the period it was incurred and immediately transferred to retained earnings. Past service cost is fully recognized in profit or loss as incurred.

(Defined contribution plans)

For defined contribution plans, contribution payables to defined contribution plans are recognized as expenses when employees provide relevant services.

(ii) Short-term employee benefits

The Group expenses short-term employee benefits at the time when the employees provide relevant services without discounting them.

The Group recognizes bonuses and paid leave costs as a liability at an estimated amount payable under these plans if it has legal or constructive obligations and if the amount can be reliably estimated.

(iii) Other long-term employee benefits

Net obligation to the Group's long-term employee benefit is the amount of future benefits the employees earned as consideration for services provided in prior and current fiscal years. The amount is discounted to the present value. The difference arising from remeasurements is recognized in profit or loss in the period incurred.

(11) Share-based payment transactions

The Company adopts the following share-based payment plan as an incentive to its Directors, Executive Officers, and employees.

(Stock option plan)

Stock options are calculated based on the fair value as of grant dates. They are expensed over the vesting period reflecting the final number of stock options expected to be vested, and the same amount is recognized as an increase in equity. The fair value of a stock option is computed using the Black-Scholes model.

(Restricted stock compensation and performance-linked stock compensation schemes)

The Company has introduced share-based compensation schemes that are equity-settled and cash-settled to raise the motivation for contributing to the sustainable growth of corporate value and sharing value with the shareholders.

For equity-settled share-based compensation, the consideration for services received is measured by reference to the fair value of shares of the Company to be granted. The amount of consideration for services determined is recognized as an expense in profit or loss, with the corresponding amount recognized as an increase in equity.

For cash-settled share-based compensation, the fair value of the payment is recognized as a liability, and the change in fair value of the liability is recognized in profit or loss over the period up to the vesting of an unconditional right to receive payments.

(12) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is determined by discounting the estimated future cash flows to the present value at the pre-tax rate that reflects the time value of money and the risks specific to the liability. Any increase in the provision reflecting the effect of the passage of time is recognized as finance costs.

(13) Revenue

For contracts with customers, the Group recognizes revenue based on the following five-step approach.

Step 1: Identify the contract(s) with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies performance obligations

The Group is engaged in manufacturing, sales, construction, maintenance, and other activities in its Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery.

(i) Building Service & Industrial, Energy, and Infrastructure

The Building Service & Industrial is engaged in manufacturing, sales, construction and maintenance services related primarily to standard pumps (surface pumps, submersible pumps, and booster pumps), freezer chillers, blowers and fans.

The Energy is engaged in manufacturing, sales, construction and maintenance services related primarily to custom pumps, compressors, turbines and other products.

The Infrastructure is engaged in manufacturing, sales, construction and maintenance services related primarily to custom pumps (agricultural pumps, drainage pumps, water and sewage pumps), tunnel fans and other products.

For the manufacture and sale of products in the Building Service & Industrial, Energy, and Infrastructure, based on a comprehensive assessment of indicators of the transfer of control, such as the legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to customers, and the right to receive payment from customers, the Group determines that control of the products is transferred to the customers and the performance obligation is satisfied primarily at the time of delivery or inspection of the products.

For construction and maintenance contracts in the Building Service & Industrial, Energy, and Infrastructure, the Group satisfies a performance obligation over a certain period and, therefore, recognizes revenue over time because primarily one of the following criteria is met and control of a products or services is transferred over time.

- i) the customer simultaneously receives and consumes the benefits provided by the Group's performance at the same time as the Group performs;
- ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

If the result of the performance obligation can be reasonably measured, revenue is recognized over the construction or maintenance period based on the progress rate for the fulfillment of the performance obligation estimated as of the end of the reporting period. The progress rate is calculated based on the ratio of the actual cost to the estimated total cost (input method). If the outcome of the performance obligation cannot be reasonably measured, but the Group expects to recover the cost of satisfying the performance obligation, the Group faithfully depicts its performance by recognizing sales only to the extent of the cost incurred.

(ii) Environmental Solutions

The Environmental Solutions is engaged in manufacturing, sales, construction, and maintenance services related to municipal waste processing plants and industrial waste incineration plants.

For the manufacture and sale of products in the Environmental Solutions segment, the Group determines that control of the products is transferred to the customer and the performance obligation is satisfied primarily at the time of delivery or inspection of the products based on a comprehensive assessment of indicators of the transfer of control, such as the legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to a customer, and the right to receive payment from a customer.

For construction and maintenance contracts in the Environmental Solutions, the Group satisfies a performance obligation over a certain period and, therefore, recognizes revenue over time because primarily one of the following criteria is met and the control of products or services is transferred over time.

- i) the customer simultaneously receives and consumes the benefits provided by the Group's performance at the same time as the Group performs;
- ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

If the result of the performance obligation can be reasonably measured, revenue is recognized over the construction or maintenance period based on the progress rate for the fulfillment of the performance obligation estimated as of the end of the reporting period. The progress rate is calculated based on the ratio of the actual cost to the estimated total cost (input method). If the outcome of the performance obligation cannot be reasonably measured, but the Group expects to recover the cost of satisfying the performance obligation, the Group faithfully depicts its performance by recognizing sales only to the extent of the cost incurred.

(iii) Precision Machinery

The Precision Machinery is engaged in manufacturing, sales, and maintenance services related primarily to dry vacuum pumps, CMP equipment, plating equipment, and exhaust-gas treatment equipment.

For the manufacture and sales of products in the Precision Machinery, based on a comprehensive assessment of indicators of the transfer of control, such as the legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to customers, and the right to receive payment from customers, the Group determines that control of the products is transferred to the customers and the performance obligation is satisfied primarily at the time of delivery or inspection of the products.

Revenue is measured as the amount of consideration promised in the contract with customers by deducting discounts, late fees, and other charges. For variable consideration, including variable discounts, the amount of consideration is estimated using all reasonably available information, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur. Furthermore, the Group does not adjust the interest rate component of the consideration because it expects that, at the inception of the contract, the period between the time when the goods or services are transferred to the customers and the time when the customers pay the consideration is one year or less, applying practical expedients under IFRS 15 "Revenue from Contracts with Customers."

If multiple performance obligations are identified in the contract, the transaction amount is allocated to each performance obligation, mainly at a ratio of the observable standalone selling price.

(14) Income taxes

Income tax expense is shown as the aggregate amount of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates enacted or substantively enacted by the end of the reporting period. These are recognized under the profit or loss of the fiscal year, excluding items associated with a business combination and those recognized directly under equity or other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset is realized or the liability is settled based on tax rates enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are measured based on a temporary difference, which is the difference between the carrying amount of assets and liabilities, and the tax base of assets and liabilities and based on losses carried forward. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, tax loss carried forward, and tax credit carried forward can be utilized.

Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or taxable income and does not result in taxable temporary differences and deductible temporary differences of the same amount. Further, deferred tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Taxable temporary differences related to investments in subsidiaries and associates are recognized as deferred tax liabilities. However, deferred tax liabilities are not recognized if the Group can control the timing of the reversal of temporary differences, and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are also recognized for deductible temporary differences associated with investments in subsidiaries and associates, but only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

The Company and some of its consolidated subsidiaries apply the Japanese Group Relief System.

The Group has applied the “International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)” published in May 2023. The amendments provide for an exception which temporarily allows an entity to not recognize and not disclose information about deferred tax assets and liabilities arising under the taxation system related to the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Group has applied this exception, and as such does not recognize or disclose information about deferred tax assets and liabilities related to income taxes based on the OECD Pillar Two model rules.

(15) Borrowing costs

For an asset that necessarily takes a substantial period to get ready for its intended use or sale, borrowing costs directly attributable to the acquisition, construction, or production of such asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period they are incurred.

(16) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to common shareholders of the parent by the weighted-average number of common shares outstanding during the period, adjusted for treasury shares. Diluted earnings per share are calculated after adjusting for the effect of dilutive potential shares.

(17) Hyperinflation adjustment

For hyperinflation adjustment, please refer to “41. Hyperinflation adjustment.”

(Changes in accounting policies)

(Change in inventory valuation method)

The Company and certain consolidated subsidiaries previously allocated the cost of inventories mainly based on the weighted average method (or the moving average method for “Precision Machinery”). However, from the fiscal year ended December 31, 2025, the Company has changed the allocation method for “Precision Machinery” to a method based mainly on the weighted average method. This change in the valuation method was made with the purpose of more appropriate periodic accounting of profit and loss on the occasion of the renewal of the core system.

The impact of this change in accounting policy on the Company’s historical period and the consolidated financial statements for the fiscal year ended December 31, 2025 is immaterial.

4. Significant accounting estimates and related judgments

In preparing consolidated financial statements in accordance with IFRS Accounting Standards, the management is required to make judgments, estimates, and assumptions that may affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

However, the actual performance may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change and future periods if the change affects both.

The assumptions and sources of estimation uncertainty in the consolidated financial statements that have a risk of resulting in a significant adjustment to the carrying amounts of assets and liabilities within the next fiscal year are as outlined below:

· Revenue recognition

Revenue is recognized over time mainly for construction and maintenance contracts in the Pumps, Compressors & Turbines, and Chillers businesses of the Building Service & Industrial, Energy, and Infrastructure as well as in the Environmental Solutions, as control of goods or services is transferred over time and therefore performance obligation is satisfied over time. The input method is used to measure progress towards complete satisfaction of a performance obligation, if the outcome of a performance obligation can be reliably determined and measured at the ratio of costs incurred relative to total estimated costs.

Preconditions in estimates and measurement are reviewed as necessary, and the initial estimate may be amended as a result of incurring additional costs, changes in contract amounts, or for other reasons that may significantly impact the amount recognized in the consolidated financial statements.

The carrying amount of contract assets as of December 31, 2025, is as stated in “28. Revenue.”

· Recoverability of deferred tax assets

Recoverability of deferred tax assets is regularly examined, and deferred tax assets are recorded reflecting future estimated taxable income and feasible tax planning, to the extent that it is probable that taxable income will be available against which deductible temporary differences, tax losses carried forward and tax credit carried forward can be utilized. The timing of incurring future taxable income and its amount for assuming estimates are measured based on the business plan approved by the management, but such assumptions may fluctuate due to factors such as the business results at that time. Therefore, recoverability will be reviewed to adjust deferred tax assets in the event of any factors that affect these estimates and may significantly impact the amount of deferred tax assets recognized in the consolidated financial statements.

The carrying amount of deferred tax assets as of December 31, 2025, is stated in “17. Income taxes.”

· Accounting and evaluation of provisions

The Group records provisions such as those for warranties on completed construction and for construction losses. These provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Assumptions used to measure such provisions may be affected by changes in uncertain economic conditions in the future and

may significantly impact the amount of provisions recognized in the consolidated financial statements over the future.

The carrying amount of provisions as of December 31, 2025, is stated in “23. Provisions.”

- Defined benefit obligations

The Group calculates defined benefit obligations by estimating the amount of future benefits employees earned as consideration for services provided in the prior and current fiscal years and then discounting the amount to the present value. The discount rate is a significant actuarial assumption determined by reference to market yields at the end of the fiscal year on high-quality corporate bonds with more or less the same maturity as the Group’s defined benefit liability.

Other actuarial assumptions include estimated rates of retirement, mortality, and salary increase. Such actuarial assumptions may be affected mainly by changes in the future economic environment or social trends, and any reviews of the assumptions may significantly impact the value of defined benefit liability recognized in the consolidated financial statements.

The carrying amounts of retirement benefit assets and liabilities as of December 31, 2025, are stated in “24. Employee benefits.”

- Impairment of non-financial assets

The Group assesses indications of impairment in non-financial assets including property, plant and equipment and goodwill as well as intangible assets. If there is an indication of impairment, the Group measures the recoverable amount of each individual asset or cash-generating unit. Further, goodwill or intangible assets with indefinite useful lives and those not yet available for use are tested for impairment at the same time every fiscal year and whenever there is an indication of impairment. The Group uses certain assumptions on factors such as future cash flows, discount rates, and growth rates for calculating recoverable amounts in impairment testing.

Although these assumptions are determined by the management’s best estimate and judgment, they may be affected by factors such as changes in uncertain economic conditions in the future and changes in the business plan. Any reviews of the plans may significantly impact the consolidated financial statements.

The carrying amount of property, plant and equipment as well as goodwill and intangible assets as of December 31, 2025, is stated in “11. Property, plant and equipment” and “12. Goodwill and intangible assets,” respectively.

5. Published standards and interpretation guidelines not yet applied

As of the approval date of the consolidated financial statements, the following are the main standards and interpretation guidelines that have been newly established or revised, but have not been adopted early by the Group during the current consolidated fiscal year. The impact of applying the new IFRS Accounting Standards on the Group is currently under review and cannot be estimated at this time.

Standards	Standard name	Mandatory effective date (to be applied for the fiscal year on or after)	To be applied by the Group from the fiscal year ending	Outline of new/revised standards
IFRS 18	Presentation and disclosures in financial statements	January 1, 2027	December 31, 2027	Introduces three new requirements to improve financial performance reporting, providing investors with a better basis for corporate analysis and comparison

6. Operating segments

(1) Overview of reportable segments

The reportable segments constitute units of the Group for which separate financial information is available and which the Board of Directors periodically examines for the purpose of deciding the allocation of management resources and evaluating operating performance. Operating segments are not aggregated.

The Group conducts its business operations through five in-house companies defined by the target market that they each serve: Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery.

Therefore, the Group has five reportable segments of Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery, and each of the reportable segments is composed of products and services for their respective target market stated above.

The principal target markets and products and services of each reportable segment are as follows:

Reportable segments	Principal target markets	Principal products and services
Building Service & Industrial	Building and industry equipment	Standard pumps (surface pumps, submersible pumps, and booster pumps), freezer chillers, blowers and fans
Energy	Oil and gas, power facility, and new energy	Custom pumps, compressors, turbines, cryopumps, and expanders
Infrastructure	Water infrastructure	Custom pumps (agricultural pumps, drainage pumps, water and sewage pumps), and tunnel fans
Environmental Solutions	Solid waste treatment	Municipal waste processing plants and industrial waste incineration plants
Precision Machinery	Semiconductor manufacturing	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment, and others

(2) Information on reportable segments

The accounting policies for reportable segments are the same as those described in “3. Material accounting policies.” Profits from reportable segments are based on the same accounting policy of the Group, and profit figures are based on operating profit. Intersegment sales and transfers are recorded at the same prices used in transactions with customers.

Fiscal year ended December 31, 2024

(Millions of yen)

	Segment						Others (Note 1)	Total	Adjustment (Notes 2, 3)	Consoli- dated (Note 4)
	Building Service & Industrial	Energy	Infrastruc- ture	Environ- mental Solutions	Precision Machinery	Total				
Revenue										
External customers	238,182	210,434	51,118	87,438	278,378	865,552	1,115	866,668	–	866,668
Intersegment and transfers	1,446	444	272	115	1	2,280	1,067	3,347	(3,347)	–
Total	239,628	210,879	51,391	87,554	278,379	867,833	2,183	870,016	(3,347)	866,668
Segment profit (loss)	10,341	28,008	3,697	8,445	50,133	100,625	(2,826)	97,799	153	97,953
Finance income										3,897
Finance costs										4,185
Share of profit (loss) of investments accounted for using equity method										2,186
Profit before tax										99,852
Other items										
Depreciation and amortization	7,929	5,199	971	879	8,367	23,347	6,731	30,079	(67)	30,011
Impairment losses	7,142	1	2	2	18	7,166	54	7,220	(0)	7,220
Capital expenditures	8,883	7,671	1,383	4,281	19,989	42,210	16,511	58,721	(91)	58,630
Investment in entities applying equity method	–	–	–	8,683	–	8,683	–	8,683	–	8,683

Notes: 1. “Others” in the table above is the operating segment for operations that are not included among reportable segments. It contains regional headquarters and other activities.

2. The adjustment of segment profit (loss) is the elimination of intersegment transactions.

3. The adjustments of the items under “Other items” are the elimination of intersegment transactions.

4. Segment profit has been reconciled with operating profit in the consolidated statement of income.

Fiscal year ended December 31, 2025

(Millions of yen)

	Segment						Others (Note 1)	Total	Adjustment (Notes 2, 3)	Consoli- dated (Note 4)
	Building Service & Industrial	Energy	Infrastruc- ture	Environ- mental Solutions	Precision Machinery	Total				
Revenue										
External customers	241,938	217,845	57,143	97,864	342,267	957,059	1,225	958,285	–	958,285
Intersegment and transfers	1,549	1,049	49	117	1	2,766	1,342	4,109	(4,109)	–
Total	243,488	218,894	57,192	97,981	342,268	959,826	2,568	962,395	(4,109)	958,285
Segment profit (loss)	15,251	25,943	4,680	13,003	57,773	116,652	(2,294)	114,358	(556)	113,802
Finance income										2,864
Finance costs										6,769
Share of profit (loss) of investments accounted for using equity method										1,080
Profit before tax										110,977
Other items										
Depreciation and amortization	7,533	5,573	1,426	1,264	9,974	25,773	9,101	34,874	(69)	34,804
Impairment losses	697	4	4	251	174	1,132	303	1,436	(0)	1,435
Capital expenditures	15,095	14,535	1,590	2,106	34,009	67,338	33,851	101,189	(454)	100,735
Investment in entities applying equity method	–	–	–	8,001	–	8,001	–	8,001	–	8,001

Notes: 1. “Others” in the table above is the operating segment for operations that are not included among reportable segments. It contains regional headquarters and other activities.

2. The adjustment of segment profit (loss) is the elimination of intersegment transactions.

3. The adjustments of the items under “Other items” are the elimination of intersegment transactions.

4. Segment profit has been reconciled with operating profit in the consolidated statement of income.

(3) Information on products and services

As the product and service categories are the same as the reportable segments, their descriptions are omitted.

(4) Information by region

Revenue from external customers by region is as follows:

	(Millions of yen)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Japan	290,679	320,335
China	190,232	181,178
Other Asia	129,160	193,597
North America	123,673	116,627
Others	132,922	146,546
Total	866,668	958,285

Notes: 1. Revenues are classified by country or region based on the location of the customers.

2. Major countries and regions included in each category:

- (1) Other Asia: Taiwan and South Korea
- (2) North America: United States and Canada
- (3) Others: Saudi Arabia and Brazil

Non-current assets (excluding financial instruments, deferred tax assets, and defined benefit assets.) by region are as follows:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Japan	152,551	204,148
China	16,473	18,880
Other Asia	14,754	18,830
United States	31,103	33,723
Others	40,905	43,921
Total	255,788	319,505

Notes: 1. Non-current assets are classified by country or region based on the location of the assets.

2. Major countries and regions included in each category:

- (1) Other Asia: Taiwan and South Korea
- (2) Others: Canada and Italy

(5) Information on major customers

No single external customer accounted for 10% or more of revenue.

7. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Cash and deposits	174,339	146,152
Time deposits with maturities over three months	(3,307)	(2,667)
Total	171,031	143,485

The balance of cash and cash equivalents on the consolidated statement of financial position matches the balance of cash and cash equivalents on the consolidated statement of cash flows as of December 31, 2024, and 2025.

8. Trade and other receivables

The components of trade and other receivables are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Accounts and notes receivable - trade and electronically recorded monetary claims	171,164	212,775
Other receivables	2,432	1,597
Allowance for doubtful accounts (Note)	(3,314)	(5,192)
Total	170,282	209,180

Note: Trade and other receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.

9. Inventories

The components of inventories are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Merchandise and finished goods	36,914	37,067
Work in process	93,479	75,932
Raw materials and supplies	75,567	84,695
Total	205,960	197,695

Notes: 1. Inventories recognized as expenses and included in the cost of sales during the fiscal years ended December 31, 2024 and 2025 amounted to ¥563,831 million and ¥629,659 million, respectively.

2. The write-downs of inventories recognized as cost of sales during the fiscal years ended December 31, 2024 and 2025 amounted to ¥5,665 million and ¥5,283 million, respectively. The amounts of reversals of write-downs for the fiscal years ended December 31, 2024 and 2025 were not material.

3. There were no inventories pledged as collateral for liabilities.

10. Other financial assets

The components of other financial assets are as follows:

(1) Current assets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Time deposits	3,307	2,667
Loans receivable	1	17
Others	489	896
Total	3,798	3,581

(2) Non-current assets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Investment securities	2,677	1,702
Guarantee deposits	2,399	2,546
Long-term loans receivable	62	4
Others	845	833
Total	5,983	5,086

11. Property, plant and equipment

Property, plant and equipment consist of Group-held assets that do not meet the definition of investment property and right-of-use assets.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Group-held property, plant and equipment	180,451	235,052
Right-of-use assets	21,540	22,979
Total	201,991	258,032

Right-of-use assets are as stated in "14. Leases."

The changes in the carrying amount of Group-held property, plant and equipment during the period were as follows:

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Others	Total
As of January 1, 2024	64,948	47,675	23,310	12,585	6,545	155,066
Purchases	1,131	3,675	–	32,828	914	38,549
Acquisition through business combination	1	6	–	–	0	8
Transfer from construction in progress	15,312	8,446	129	(26,606)	2,717	–
Depreciation	(5,708)	(9,558)	–	–	(2,989)	(18,257)
Impairment losses	(90)	(20)	–	–	(6)	(118)
Sale or disposal	(390)	(317)	(93)	(716)	(60)	(1,577)
Exchange differences on translation	2,291	3,138	243	708	298	6,679
Other changes	400	124	0	(273)	(151)	99
As of December 31, 2024	77,896	53,171	23,589	18,525	7,267	180,451
Purchases	1,045	3,048	–	70,228	1,185	75,508
Acquisition through business combination	–	–	–	–	–	–
Transfer from construction in progress	23,627	21,362	421	(48,751)	3,340	–
Depreciation	(6,047)	(10,254)	–	–	(3,093)	(19,395)
Impairment losses	(334)	(594)	(98)	–	(170)	(1,197)
Sale or disposal	(70)	(197)	(23)	(894)	(42)	(1,227)
Exchange differences on translation	119	(783)	94	192	(62)	(439)
Other changes	425	296	(198)	642	187	1,353
As of December 31, 2025	96,662	66,050	23,784	39,943	8,611	235,052

Depreciation is included in “cost of sales” and “selling, general and administrative expenses.” Impairment losses are included in other expenses.

The costs of property, plant and equipment owned by the Group are as follows:

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Others	Total
As of January 1, 2024	155,364	181,447	24,585	12,693	49,544	423,634
As of December 31, 2024	175,539	196,289	24,864	18,631	51,691	467,016
As of December 31, 2025	199,372	218,340	25,354	39,960	55,007	538,036

Accumulated depreciation and accumulated impairment losses on property, plant and equipment owned by the Group are as follows:

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Others	Total
As of January 1, 2024	90,415	133,771	1,275	107	42,998	268,568
As of December 31, 2024	97,642	143,117	1,275	106	44,424	286,565
As of December 31, 2025	102,709	152,290	1,570	17	46,396	302,983

12. Goodwill and intangible assets

Goodwill and intangible assets consist of assets owned by the Group and right-of-use assets.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Goodwill and intangible assets owned by the Group	53,774	61,459
Right-of-use assets	21	13
Total	53,796	61,472

Right-of-use assets are as stated in "14. Leases."

The changes in the carrying amounts of goodwill and intangible assets owned by the Group during the period are as follows:

(Millions of yen)

	Goodwill	Software	Software in progress	Other intangible assets	Total
As of January 1, 2024	15,472	17,057	7,428	10,413	50,372
Purchases	–	332	13,519	491	14,343
Internal development	–	–	–	–	–
Acquisition through business combination	255	–	–	–	255
Transfer from software in progress	–	4,998	(4,998)	–	–
Amortization	–	(5,751)	–	(766)	(6,518)
Impairment losses	(6,725)	(17)	–	(0)	(6,743)
Sale or disposal	–	(59)	–	(0)	(59)
Exchange differences on translation	1,143	81	0	1,063	2,288
Other changes	–	440	(161)	(443)	(163)
As of December 31, 2024	10,146	17,082	15,788	10,757	53,774
Purchases	–	754	16,432	160	17,347
Internal development	–	–	34	–	34
Acquisition through business combination	–	–	–	–	–
Transfer from software in progress	–	23,953	(23,953)	–	–
Amortization	–	(8,757)	–	(808)	(9,566)
Impairment losses	–	(14)	–	(224)	(238)
Sale or disposal	–	(606)	(60)	(0)	(667)
Exchange differences on translation	351	58	2	347	759
Other changes	(236)	(32)	(8)	292	14
As of December 31, 2025	10,261	32,438	8,236	10,524	61,459

Amortization is included in “Cost of sales” and “Selling, general and administrative expenses.” Impairment losses are included in other expenses.

The costs of goodwill and intangible assets owned by the Group are as follows:

	(Millions of yen)				
	Goodwill	Software	Software in progress	Other intangible assets	Total
As of January 1, 2024	18,743	52,693	7,428	17,306	96,171
As of December 31, 2024	22,293	57,668	15,788	19,189	114,939
As of December 31, 2025	23,306	76,192	8,236	18,303	126,039

Accumulated amortization and impairment losses of goodwill and intangible assets owned by the Group are as follows:

	(Millions of yen)				
	Goodwill	Software	Software in progress	Other intangible assets	Total
As of January 1, 2024	3,270	35,635	–	6,892	45,799
As of December 31, 2024	12,147	40,586	–	8,431	61,164
As of December 31, 2025	13,045	43,754	–	7,779	64,579

13. Impairment of non-financial assets

(1) Cash-generating unit

The Group categorizes its assets according to its operating segments by the smallest cash-generating unit that generates independent cash inflows. The Group considers individual properties as grouping units for idle assets, assets held for sale, and assets to be disposed of.

(2) Impairment losses

The Group recognizes an impairment loss when the recoverable amount of an asset is less than its carrying amount. Impairment losses are included in “Other expenses” in the consolidated statement of income, and their breakdown by segment is provided in “6. Operating segments.”

Impairment losses by asset class are as follows:

	(Millions of yen)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Buildings and structures	90	334
Machinery, equipment and vehicles	20	594
Land	–	98
Goodwill	7,085	–
Others	23	408
Total	7,220	1,435

Fiscal year ended December 31, 2024

For assets and idle assets with no prospect for future use that are held for disposal or sale, their carrying amount is reduced to their recoverable amount. The recoverable amount of assets scheduled for disposal is based on their value in use, and their carrying amount is reduced to the memorandum value, assuming the value in use is zero. Assets held for sale and idle assets are principally measured at fair value, less costs of disposal. The fair value less costs of disposal is based on the estimated selling price and is classified as level 3 in the fair value hierarchy.

With respect to the goodwill associated with Vansan Makina Sanayi ve Ticaret A.S. and its subsidiaries, based on high inflation in Turkey and depreciation of the Turkish lira leading to stagnation in the domestic market, a decline in export sales due to

geopolitical factors, rising labor costs, and other factors affecting the business environment, as well as recent business performance, it has been determined that there are indications of impairment. After reflecting on these factors and revising future business plans, an impairment test was conducted, and the goodwill was deemed unrecoverable. Accordingly, the carrying amount has been fully reduced. The recoverable amount is calculated on the basis of value in use, and the value in use is calculated by estimating the amount of future cash flows based primarily on the business plan and growth rate approved by management and discounting the estimated amount of cash flows to the present value using a discount rate based on the weighted-average cost of capital before tax of 39.6%.

Fiscal year ended December 31, 2025

For assets and idle assets with no prospect for future use that are held for disposal or sale, their carrying amount is reduced to their recoverable amount. The recoverable amount of assets scheduled for disposal is based on their value in use, and their carrying amount is reduced to the memorandum value, assuming the value in use is zero. Assets held for sale and idle assets are principally measured at fair value, less costs of disposal. The fair value less costs of disposal is based on the estimated selling price and is classified as level 3 in the fair value hierarchy.

(3) Impairment test on goodwill

The Group tests goodwill for impairment at least once in a fiscal year and as needed if there is an indication of impairment. The recoverable amount in the impairment test is calculated based on the value in use.

The carrying amount of the Group's major goodwill is as follows:

		(Millions of yen)	
Reportable segments	Cash-generating units or groups of cash-generating units	As of December 31, 2024	As of December 31, 2025
Building Service & Industrial	EBARA HG Holdings Inc. and its subsidiaries	8,819	9,177
Building Service & Industrial	Others	1,326	1,083
	Total	10,146	10,261

EBARA HG Holdings Inc. and its subsidiaries

The value in use is calculated by estimating the amount of future cash flows based primarily on the business plan and growth rate approved by the management and then discounting the estimated amount of cash flows to the present value. The business plan basically spans a maximum period of five years and is prepared to reflect the management's evaluation of future industry trends and past data and is aligned with external and internal information. The growth rate used to estimate the amount of future cash flows expected to be generated beyond the business plan period is determined with reference to the estimated inflation rate of the country to which the cash-generating units belong and is 3.2% during the fiscal year ended December 31, 2025 (3.2% during the fiscal year ended December 31, 2024). The discount rate is calculated based on the weighted-average cost of capital before tax for each cash-generating unit and was 12.6% during the fiscal year ended December 31, 2025 (11.9% during the fiscal year ended December 31, 2024). As a result, the recoverable amount exceeded the carrying amount by ¥2,818 million. This implies that a 1.6% rise in the discount rate could result in an impairment loss.

14. Leases

As lessee

(1) Components of right-of-use assets

The components of right-of-use assets are as follows:

The Group uses the underlying assets for leases primarily for business activities.

(Millions of yen)

	Type of underlying assets				Total
	Buildings and structures	Machinery, equipment and vehicles	Land	Others	
As of December 31, 2024	14,563	2,538	3,112	1,347	21,561
As of December 31, 2025	15,013	2,279	3,396	2,302	22,992

(2) Expenses and cash outflows relating to leases and additions to right-of-use assets

Expenses and cash outflows relating to leases and additions to right-of-use assets are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Depreciation charge for right-of-use assets		
Underlying assets of buildings and structures	3,483	3,917
Underlying assets of machinery, equipment and vehicles	1,002	914
Underlying assets of land	152	253
Underlying assets of other assets	591	738
Total depreciation charge for right-of-use assets	5,230	5,823
Expenses relating to leases		
Interest expense on lease liabilities	322	419
Expenses relating to short-term leases	232	132
Expenses relating to leases of low-value assets	864	813
Total expenses relating to leases	1,419	1,366
Cash outflow for leases	7,668	7,470
Additions to right-of-use assets	5,776	7,915

A maturity analysis of lease liabilities is as stated in “35. Financial instruments.”

(3) Extension options and termination options

In the Group, each company is responsible for managing its own lease contracts, and the terms and conditions of leases are individually negotiated and vary widely. Extension options and termination options are mainly included in real estate leases. Most of these leases contain extension options for one year or the same period as the original contract and early termination options exercisable upon prior written notice to the other party. These options are used as necessary to make effective use of lease contracts in business activities.

15. Subsidiaries and associates

The information is as stated in “I. Overview of Company, 4. Subsidiaries and Associates.”

16. Investments accounted for using the equity method

The carrying amount of investments in an individually immaterial jointly controlled entity and financial information on such entity are as follows. These amounts take into account the Group's equity ratio.

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Total carrying amount	8,683	8,001

	(Millions of yen)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	2,186	1,080
Other comprehensive income	(145)	(56)
Comprehensive income	2,041	1,023

17. Income taxes

In accordance with the enactment of the “Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025)” in Japan on March 31, 2025, the special corporate tax for defense shall be imposed effective for fiscal years beginning on and after April 1, 2026. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.62% to 31.52% for temporary differences, etc. expected to be resolved in the fiscal years beginning on and after January 1, 2027.

This tax rate change has no material impact on the consolidated financial statements of the Group.

In December 2021, OECD announced the Global Anti-Base Erosion Pillar Two Model Rules (global minimum taxation) of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). In Japan, a tax reform act including a global minimum taxation system was enacted in March 2023 and has been applied by the Group starting from the fiscal year ended December 31, 2025. In certain jurisdictions where the Group operates, corporate income tax may be incurred due to the application of the global minimum taxation system. However, since the impact on the Group’s consolidated financial statements is not material, it is not disclosed separately.

(1) Deferred tax assets and liabilities

Deferred tax assets and liabilities are primarily attributable to the following items:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Deferred tax assets		
Inventories	1,878	3,490
Provision for warranties for completed construction	2,776	3,623
Retirement benefit liability	3,400	4,431
Lease liabilities	5,275	4,641
Tax loss carry forward	324	199
Provision for bonuses	2,938	3,350
Unrealized gain on inventories	3,279	3,077
Others	14,769	17,086
Total deferred tax assets	34,644	39,900
Deferred tax liabilities		
Equity instruments	(142)	(82)
Retained earnings of subsidiaries	(6,679)	(7,518)
Right-of-use assets	(5,079)	(4,514)
Others	(5,899)	(6,492)
Total deferred tax liabilities	(17,801)	(18,608)
Net deferred tax assets	16,842	21,291

The changes in net deferred tax assets or liabilities are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance at beginning of period	14,701	16,842
Recognized through profit or loss	1,289	3,559
Recognized through other comprehensive income (Note 1)	302	493
Others	548	395
Balance at end of period	16,842	21,291

Note: 1. Major changes in the fiscal year ended December 31, 2024, include an increase of ¥304 million in deferred tax assets related to retirement benefit liability.

Major changes in the fiscal year ended December 31, 2025, include an increase of ¥677 million in deferred tax assets related to retirement benefit liability.

The Group considers the probability that a portion of or all of the deductible temporary differences or tax loss carry-forward can be utilized against future taxable profits in recognition of deferred tax assets. In assessing the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning strategies. For the recognized deferred tax assets, the Group determined that it is probable that the tax benefits can be utilized based on the level of historical taxable profit and projections for future taxable profit over the periods for which the deferred tax assets can be recognized.

Deductible temporary differences and tax loss carry forward for which no deferred tax assets were recognized are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Deductible temporary differences	6,755	7,600
Tax loss carry forward	701	439

The tax loss carry-forward for which no deferred tax asset was recognized will expire as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
1st year	116	34
2nd year	50	26
3rd year	22	–
4th year	–	49
5th year and thereafter	512	329
Total	701	439

The aggregate amount of taxable temporary differences associated with investments in subsidiaries and associates for which no deferred tax liabilities were recognized were ¥13,349 million and ¥16,105 million as of December 31, 2024 and 2025, respectively. The Group did not recognize deferred tax liabilities for these temporary differences since it could control the timing of the reversal of these temporary differences, and it was probable that the temporary differences would not reverse in the foreseeable future.

(2) Income tax expense

The components of income tax expense are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Current income tax expense	26,650	34,944
Deferred tax expense		
Tax rate change	–	(303)
Origination and reversal of temporary differences	(1,409)	(3,840)
Assessment of recoverability of deferred tax assets	119	583
Total	25,361	31,384

The Company and its consolidated subsidiaries in Japan are mainly subject to corporate tax, inhabitant tax, and deductible enterprise tax. The effective statutory tax rate in Japan calculated based on these taxes was 30.6% for the fiscal year ended December 31, 2024 and 30.6% for the fiscal year ended December 31, 2025.

The difference between the effective statutory tax rate and the average effective tax rate shown in the consolidated statement of income is attributable to the following:

(%)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Effective statutory tax rate	30.6	30.6
Expenses not deductible for tax purposes	1.9	3.0
Income not taxable for tax purposes	(0.0)	(0.3)
Differences from applicable tax rates for overseas subsidiaries	(6.0)	(5.1)
Share of profit (loss) of investments accounted for using equity method	(0.5)	0.2
Unrecognized deferred tax assets	0.8	1.0
Impact of tax rate change	–	(0.2)
Others	(1.4)	(0.9)
Average effective tax rate	25.4	28.3

18. Other assets

The components of other assets are as follows:

(1) Current assets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Consumption taxes receivable	14,753	18,785
Prepaid expenses	6,483	8,942
Advance payments	12,735	12,316
Others	1,368	2,861
Total	35,339	42,905

(2) Non-current assets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Defined benefit asset	6,467	3,562
Long-term prepaid expenses	1,725	2,063
Others	1,860	3,145
Total	10,054	8,770

19. Trade and other payables

The components of trade and other payables are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Accounts and notes payable - trade and electronically recorded obligations	144,946	125,297
Other payables	22,505	22,878
Total	167,452	148,175

20. Bonds, borrowings and lease liabilities

The components of bonds, borrowings, and lease liabilities are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025	Average interest rate (%) (Note 1)	Payment due
Short-term borrowings	16,864	84,098	2.49	–
Current portion of long-term borrowings	16,850	40,301	2.41	–
Current portion of bonds payable	15,000	–	–	–
Long-term borrowings	55,095	51,950	0.86	2030
Lease liabilities	21,622	23,386	–	2026–2035
Bonds payable	25,000	25,000	–	–
Total	150,433	224,736		
Current liabilities	55,607	131,746		
Non-current liabilities	94,825	92,989		
Total	150,433	224,736		

Notes: 1. “Average interest rate” represents the weighted-average rate applicable to the ending balances of borrowings. Borrowings hedged by derivative transactions, such as interest rate swaps, are calculated using the interest rates under such derivative transactions to avoid interest rate fluctuation risks.

2. The details of assets pledged as collateral are stated in “39. Collaterals.”

The issuance conditions for bonds are as follows:

(Millions of yen)

Company name	Name of bond	Date of issue	As of December 31, 2024	As of December 31, 2025	Interest rate (%)	Collaterals	Payment due
The Company	Unsecured straight bond (Series 10)	October 22, 2020	10,000	–	0.19	None	October 22, 2025
The Company	Unsecured straight bond (Series 11)	October 14, 2022	5,000	–	0.24	None	October 14, 2025
The Company	Unsecured straight bond (Series 12)	October 14, 2022	15,000	15,000	0.44	None	October 14, 2027
The Company	Unsecured straight bond (Series 13)	September 19, 2024	10,000	10,000	1.47	None	September 19, 2034
	Total		40,000	25,000	–	–	–

21. Other financial liabilities

The components of other financial liabilities are as follows:

(1) Current liabilities

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Guarantee deposits received	149	138
Others	1,234	973
Total	1,383	1,112

(2) Non-current liabilities

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Others	594	80
Total	594	80

22. Other liabilities

The components of other current liabilities and other non-current liabilities are as follows:

(1) Current liabilities

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Accrued expenses	9,820	12,328
Refund liabilities	21	73
Deposits received	6,717	6,745
Short-term employee benefit liabilities	25,136	27,981
Others	4,612	7,825
Total	46,308	54,953

(2) Non-current liabilities

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Long-term employee benefit liabilities	2,252	2,166
Others	2,105	1,997
Total	4,357	4,164

23. Provisions

The changes in provisions are as follows:

	(Millions of yen)				
	Provision for product warranties	Provision for construction losses	Asset retirement obligations	Provision for warranties for completed construction	Provision for loss on litigation
As of January 1, 2024	4,597	4,749	2,588	2,785	–
Increase during the period	3,930	3,463	47	3,262	901
Increase due to passage of time	–	–	6	–	–
Decrease during the period (used for intended purpose)	(3,632)	(3,612)	(9)	(2,831)	–
Decrease during the period (reversal of provisions)	(31)	(1,101)	(66)	(102)	–
Exchange differences on translation	62	22	57	97	0
As of December 31, 2024	4,925	3,521	2,624	3,211	901
Increase during the period	4,861	2,983	657	3,558	242
Increase due to passage of time	–	–	11	–	–
Decrease during the period (used for intended purpose)	(3,594)	(1,731)	(1)	(2,027)	(42)
Decrease during the period (reversal of provisions)	(84)	(443)	(171)	(1,075)	(2)
Exchange differences on translation	51	(3)	7	9	(3)
As of December 31, 2025	6,160	4,325	3,126	3,676	1,095

Provisions in the consolidated financial statements are as follows:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Current liabilities	11,895	14,437
Non-current liabilities	3,289	3,947
Total	15,184	18,384

1. Provision for product warranties

To cover liability for defect warranty on sales contracts, the Company provides for an estimated amount of guarantee expenses obtained by multiplying the amount of product sales by a rate of incidence computed based on past results. The expenditure is usually expected to incur after a period of one to three years after the end of the fiscal year.

2. Provision for construction losses

To cover possible losses on contracted construction projects, the Company provides an estimated amount of losses for uncompleted projects deemed to have a high possibility of incurring losses that can be reasonably estimated at the fiscal year-end.

The timing of expenditures is affected by the progress of the project and other factors.

3. Asset retirement obligations

The obligations mainly consist of asset removal costs associated with restoration obligations under lease contracts for the Company's offices. These costs are usually expected to be incurred after one year or more from the end of the fiscal year but will be affected by future business plans.

4. Provision for warranties for completed construction

To cover liability for defect warranty on completed construction, the Company provides for an estimated amount of guarantee expenses obtained by multiplying the revenue of completed construction contracts by a rate of incidence based on past results. The expenditure is usually expected to incur after a period of one to three years after the end of the fiscal year.

5. Provision for loss on litigation

To prepare for future losses related to litigation, the Company provides for an estimated amount of losses when litigation has been filed, there is a high likelihood that the Company will be required to pay damages or other compensation to an external third party, and the amount can be reasonably estimated.

24. Employee benefits

The Company and some domestic subsidiaries have a defined benefit corporate pension plan, a lump-sum payment plan, and a defined contribution pension plan to provide for the payment of retirement benefits to employees. Retirees of the Company and some domestic subsidiaries have the option to receive retirement benefits in the form of either a lump-sum payment or pension payments from a corporate pension fund. The amount of benefits is principally calculated based on the cumulative number of points awarded under the point-based benefits system. The points consist of “post qualification points,” which are awarded based on the role and grade of each employee and “interest points,” which are awarded based on market interest rate movements. In addition, the Company and some domestic subsidiaries have multi-employer plans. As the amount of pension assets for these plans can be reasonably calculated, they are included in the note regarding defined benefit plans.

The Company’s pension plans are operated by a corporate pension fund legally separate from the Company in accordance with laws and regulations. The board of the corporate pension fund and pension management trustee are required by laws and regulations to act in the best interest of plan participants and are responsible for managing plan assets in accordance with prescribed policies.

Meanwhile, some foreign subsidiaries have defined benefits and defined contribution pension plans.

Plan assets are basically managed soundly but are exposed to investment risks related to financial instruments. In addition, since defined benefit obligations are measured based on various actuarial assumptions related to pension accounting, such as discount rates, they are exposed to risks of changes in these assumptions.

During the fiscal year ended December 31, 2024, a pension buyout was carried out in the retirement benefit plans of certain overseas consolidated subsidiaries. As a result, a settlement gain (loss) of ¥666 million was recognized under other income in the fiscal year ended December 31, 2024.

(1) Defined benefit plans

(i) Reconciliation of present value of defined benefit obligations and plan assets

The relationship between the present value of defined benefit obligations and plan assets, and retirement benefit liability and asset recognized in the consolidated statement of financial position is as follows:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Present value of funded defined benefit obligations	35,366	34,811
Plan assets	(48,539)	(49,544)
Subtotal	(13,172)	(14,733)
Effect of plan asset ceiling	7,235	11,782
Present value of unfunded defined benefit obligations	8,387	8,244
Net defined benefit liability (asset) recognized in the consolidated statement of financial position	2,449	5,293
Retirement benefit liability	8,917	8,855
Defined benefit asset	6,467	3,562

Note: Defined benefit asset is included in “Other non-current assets” in the consolidated statement of financial position.

(ii) Reconciliation of present value of defined benefit obligations

The changes in the present value of defined benefit obligations are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance of present value of defined benefit obligations at beginning of period	74,890	43,754
Service cost	2,840	2,919
Interest cost	2,285	1,113
Remeasurements		
Actuarial gain or loss (demographic assumptions)	68	(13)
Actuarial gain or loss (financial assumptions)	(591)	(2,183)
Actuarial gain or loss (others)	242	74
Benefits paid	(5,463)	(2,818)
Settlement	(34,585)	–
Others	4,067	209
Balance of present value of defined benefit obligations at end of period	43,754	43,055

The weighted-average durations of defined benefit obligations of the Company and its consolidated subsidiaries as of December 31, 2024 and 2025 were 8.8 years and 8.4 years, respectively.

(iii) Reconciliation of plan assets

The changes in plan assets are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance of plan assets at beginning of period	77,753	48,539
Interest income	2,257	1,057
Gain or loss on remeasurement (excluding amounts included in interest income)	865	931
Employers' contributions	2,681	2,104
Benefits paid	(4,293)	(1,589)
Settlement	(33,919)	461
Others	3,195	(1,960)
Balance of fair value of plan assets at end of period	48,539	49,544

We periodically examine the pension financing and recalculate the amount of contributions in accordance with the rules of the corporate pension fund to keep the balance of pension finance in preparation for the appropriation for and shortage in future payments of benefits. The Group plans to pay contributions of ¥2,080 million to the defined benefit plans in the fiscal year ending December 31, 2026.

(iv) Changes in the effect of plan asset ceiling

The changes in the effect of plan asset ceiling are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Effect of plan asset ceiling at beginning of period	5,483	7,235
Interest income	67	133
Gain or loss on remeasurement		
Changes in the effect of plan asset ceiling	1,661	4,414
Others	22	0
Effect of plan asset ceiling at end of period	7,235	11,782

As future contributions to defined benefit plans will not be reduced or refunded, economic benefits are not available. Accordingly, a plan asset ceiling is set and liability is calculated for some of the Group's defined benefit plans.

(v) Major components of plan assets

The components of the fair value of plan assets are as follows:

(Millions of yen)

	As of December 31, 2024			As of December 31, 2025		
	Quoted prices in active markets		Total	Quoted prices in active markets		Total
	Quoted	None		Quoted	None	
Shares	795	–	795	859	–	859
Debt securities	–	2,897	2,897	–	3,075	3,075
Life insurance general account	–	13,049	13,049	–	13,364	13,364
Others	5,022	26,775	31,797	4,192	28,052	32,244
Total	5,818	42,721	48,539	5,051	44,492	49,544

Note: Others consist of cash equivalents and jointly operated trusts. Although there are no quoted market prices for the jointly operated trusts in active markets, investments held by the jointly operated trusts include listed shares and listed bonds that have quoted market prices in active markets.

The Group's plan assets are managed to optimize the investment returns at acceptable risks to ensure future payments of benefits to employees. Plan assets are mainly invested in a broadly diversified portfolio of Japanese and foreign stocks and debt securities. The Group has built an efficient basic portfolio (combination of asset allocation) by estimating the expected return and risk and correlation coefficient of stocks, debt securities, and other instruments. The Group also strives to maintain the asset allocation based on the basic portfolio over the medium to long term by rebalancing it as needed.

(vi) Key actuarial assumptions

Key actuarial assumptions are as follows:

	As of December 31, 2024	As of December 31, 2025
Discount rate		
The Company and domestic subsidiaries	Mainly 1.7%	Mainly 2.7%
Overseas subsidiaries	Mainly 4.9%	Mainly 5.5%

The effect on defined benefit obligations of a 0.5% change in discount rates used for actuarial calculations is as follows:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
0.5% increase in discount rate	(1,565)	(1,743)
0.5% decrease in discount rate	1,840	1,737

Note: In calculating defined benefit obligations in the sensitivity analysis, the same method is applied to calculate defined benefit obligations recognized in the consolidated statement of financial position. The sensitivity analysis is conducted at the financial reporting date based on the movement of reasonably estimable assumptions. The sensitivity analysis assumes that all actuarial assumptions other than those subject to the analysis are constant, but in reality, changes in other actuarial assumptions may affect the analysis result.

(2) Defined contribution plan

The amounts of expenses recognized for the defined contribution plan for the fiscal years ended December 31, 2024 and 2025 were ¥9,638 million and ¥10,946 million, respectively.

Note: The amounts include employers' share of employee pension insurance premiums under the Japanese Employees' Pension Insurance Act.

(3) Employee benefit expenses

The total employee benefit expenses for the fiscal years ended December 31, 2024 and 2025 were ¥190,834 million and ¥202,549 million, respectively, and were recognized in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of income.

25. Equity and other equity items

(1) Share capital

(i) Number of shares authorized

The number of shares authorized in the fiscal years ended December 31, 2024 and 2025 was 1,000,000 thousand common shares.

(ii) Shares Issued

The changes in shares issued are as follows:

	(Shares)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Number of shares issued		
Balance at beginning of period	92,349,082	462,055,735
Increase during the period	369,706,653	143,450
Decrease during the period	–	–
Balance at end of period	462,055,735	462,199,185

- Notes:
- All shares issued by the Company are common shares with no par value, and the shares issued are fully paid in.
 - The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024.
 - The increase in shares issued during the fiscal year ended December 31, 2024, consisted of an increase of 92,500 shares due to the exercise of subscription rights to shares, an increase of 14,365 shares due to the issuance of new shares as restricted stock compensation, and an increase of 369,599,788 shares due to a stock split.
 - The increase in shares issued during the fiscal year ended December 31, 2025, consisted of an increase of 27,500 shares due to the exercise of subscription rights to shares and an increase of 115,950 shares due to the issuance of new shares as restricted stock compensation.

(iii) Treasury shares

The changes in treasury shares are as follows:

	(Shares)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance at beginning of period	26,531	140,410
Increase during the period	114,079	5,472,558
Decrease during the period	200	140
Balance at end of period	140,410	5,612,828

- Notes:
- The increase in treasury shares during the fiscal year ended December 31, 2024, was due to an increase of 686 shares from the acquisition without compensation under the restricted stock compensation scheme, an increase of 2,233 shares from the purchase of shares of less than one unit, and an increase of 111,160 shares due to a stock split.
 - The decrease in treasury shares during the fiscal year ended December 31, 2024, was due to a decrease of 200 shares from the sale of shares of less than one unit.
 - The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024.
 - The increase in treasury shares during the fiscal year ended December 31, 2025, was due to an increase of 5,470,800 shares due to the acquisition of treasury shares pursuant to a resolution of the Board of Directors, an increase of 1,322 shares from the purchase of shares of less than one unit, and an increase of 436 shares from the acquisition without compensation under the restricted stock compensation scheme.
 - The decrease in treasury shares during the fiscal year ended December 31, 2025, was due to a decrease of 140 shares from the sale of shares of less than one unit.

(2) Surplus

(i) Capital surplus

The Companies Act provides that at least half of the amount paid in or delivered upon the issuance of shares shall be included in share capital, with the remainder included in legal capital surplus, a component of capital surplus. Legal capital surplus may be included in share capital by resolution of a general meeting of shareholders.

(ii) Retained earnings

The Companies Act provides that an amount equal to 10% of decrease in surplus due to the distribution of surplus shall be appropriated as a legal capital surplus or legally retained earnings until the total amount of legal capital surplus and legally retained earnings included in retained earnings equals 25% of share capital. The amount accumulated in legal retained earnings may be used to offset the deficit. Further, legally retained earnings may be reversed by a resolution of a general meeting of shareholders.

The amount available for distribution under the Companies Act is calculated based on the amount of retained earnings recorded in the Company's accounting records prepared in accordance with accounting principles generally accepted in Japan.

The Companies Act also sets certain limits on the calculation of amounts available for distribution, and therefore the Company distributes retained earnings within those limits.

(3) Details and purpose of other components of equity

(i) Exchange differences in the translation of foreign operations

These are exchange differences resulting from the translation of financial statements of foreign operations.

(ii) Cash flow hedges

This is the effective portion of gains or losses on hedging instruments in a cash flow hedge.

(iii) Net change in fair value of financial assets (equity financial assets) designated as measured at fair value through other comprehensive income

This is the cumulative amount of net change in the fair value of an equity financial asset measured at fair value through other comprehensive income that occurred before the asset was derecognized or its fair value decreased significantly.

(iv) Remeasurements of defined benefit plans

This is the variable portion arising from remeasurements of defined benefit plans.

26. Dividends

Dividends paid in each fiscal year are as follows:

Fiscal year ended December 31, 2024

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
March 27, 2024 Ordinary General Meeting of Shareholders	Common shares	12,140	131.50	December 31, 2023	March 28, 2024
August 14, 2024 Board of Directors	Common shares	10,622	115.00	June 30, 2024	September 13, 2024

Note: The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Dividends paid per share with record dates on or before June 30, 2024, reflect the actual amounts before the stock split.

Fiscal year ended December 31, 2025

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
March 26, 2025 Ordinary General Meeting of Shareholders	Common shares	14,781	32.00	December 31, 2024	March 27, 2025
August 14, 2025 Board of Directors	Common shares	12,937	28.00	June 30, 2025	September 12, 2025

Note: The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Dividends paid per share based on the resolution of the Ordinary General Meeting of Shareholders held on March 26, 2025, reflect the actual amounts after the stock split.

Dividends with record dates falling in the fiscal year but whose effective dates fall in the following fiscal year are as follows:

Fiscal year ended December 31, 2024

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
March 26, 2025 Ordinary General Meeting of Shareholders	Common shares	14,781	32.00	December 31, 2024	March 27, 2025

Note: The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Dividends paid per share based on the resolution of the Ordinary General Meeting of Shareholders held on March 26, 2025, reflect the actual amounts after the stock split.

Fiscal year ended December 31, 2025

The following proposal is scheduled to be submitted at the Ordinary General Meeting of Shareholders to be held on March 26, 2026.

Date of resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
March 26, 2026 Ordinary General Meeting of Shareholders	Common shares	14,154	31.00	December 31, 2025	March 27, 2026

27. Share-based payment

The Group has adopted a share-based compensation scheme for its Directors, Executive Officers, and employees intending to incentivize them to contribute to sustainable improvements of its corporate value and to share value with its shareholders.

(1) Stock options

(i) Overview of the stock option plan

The Group has adopted a stock option plan. The Group grants stock options to its Directors, Executive Officers, and employees by resolution of the Board of Directors based on the details approved at a general meeting of shareholders. The exercise period of stock options is set forth in the allotment agreements. The options shall expire if they are not exercised within the set exercise period.

The Company's stock options are accounted for as equity-settled share-based payments.

(ii) Details of stock options

	Grant date	Number granted (Shares)	Exercise price (Yen)	Vesting conditions	Exercise period
3rd subscription rights to shares	September 27, 2011	1,615,000	1	(Note)	From July 1, 2014 to June 30, 2026
5th subscription rights to shares	October 1, 2013	212,000	1	(Note)	From July 1, 2014 to June 30, 2026
6th subscription rights to shares	October 1, 2014	1,309,000	1	(Note)	From July 1, 2017 to June 30, 2029
7th subscription rights to shares	October 1, 2015	447,000	1	(Note)	From July 1, 2017 to June 30, 2029
8th subscription rights to shares	October 1, 2016	190,000	1	(Note)	From July 1, 2017 to June 30, 2029
9th subscription rights to shares	October 1, 2017	368,500	1	(Note)	From April 1, 2020 to March 31, 2032

Notes: 1. As stated in "IV. Information about Reporting Company, 1. Company's Shares, (2) Subscription Rights to Shares."

2. The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. As a result, the number of granted shares per share subscription right is stated based on the figures after the stock split.

(iii) Changes in the number of stock options and weighted-average exercise price

	(Shares)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Outstanding at beginning of period	695,500	457,000
Expired	–	–
Exercised	238,500	27,500
Forfeited due to expiration	–	–
Outstanding at end of period	457,000	429,500
Exercisable at end of period	457,000	429,500

Notes: 1. The number of stock options is presented by converting them into the number of equivalent shares.

2. The weighted-average exercise price is 1 yen for all stock options.

3. The weighted-average share prices on the exercise dates in the fiscal years ended December 31, 2024 and 2025 were ¥2,168 and ¥2,601, respectively.

4. The weighted-average remaining contractual life of the share options unexercised for the year-end in the fiscal years ended December 31, 2024 and 2025 was 3.9 years and 2.8 years, respectively.

5. The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. The above number of shares, weighted-average exercise price, and weighted-average share price have been calculated as if this stock split had taken place at the beginning of the fiscal year ended December 31, 2024.

(2) Restricted stock compensation scheme

(i) Overview of the restricted stock compensation scheme

Under this scheme, which requires continuous service as Directors of the Company for a certain period, the eligible person shall pay all of the monetary remuneration claims paid by the Company in the form of property contributed in kind and, in exchange, receive common shares issued by the Company. The issuance of the Company's common shares under the scheme is subject to the execution of an agreement between the Company and the eligible Directors. The agreement specifies that (i) the eligible Directors shall not transfer the shares to a third party, create security interest on, or dispose of the shares in any other way for a certain period; and that (ii) the Company shall acquire such shares without consideration upon the occurrence of certain events. For non-resident eligible Directors, in lieu of the restricted stock compensation scheme, the Company will pay monetary compensation with the same economic value as such compensation.

The transactions under the restricted stock compensation scheme are equity-settled involving the distribution of the Company's common shares or cash-settled in the form of cash distribution. The former is accounted for as equity-settled share-based payments, and the latter as cash-settled share-based payments.

(ii) Number and fair value of shares granted during the period

	Grant date	Number granted (Shares)	Fair value at grant date (Yen)
Restricted stock compensation	May 7, 2025	115,950	1,798.5

Notes: 1. Fair values of shares granted are measured based on observable market prices.

2. The expected dividends are not incorporated into the measurement of fair values.

(3) Performance-linked stock compensation scheme

(i) Overview of the performance-linked stock compensation scheme

Under this scheme, which requires continuous service as Directors of the Company for a certain period, as well as the attainment of the Company's business performance targets prescribed by the Company's Board of Directors, the eligible person shall pay all of the monetary remuneration claims paid by the Company in the form of property contributed in kind, and in exchange, receive common shares issued by the Company.

With respect to the performance-linked stock compensation, the degree of achievement of performance targets is reviewed at a meeting of officers after the end of the performance evaluation period, and a resolution is made on the actual amount to be paid. The amount equivalent to 40% of the compensation shall be paid in cash in consideration of income taxes borne by officers and employees. For non-resident eligible Directors, in lieu of the performance-linked stock compensation, the Company will pay monetary compensation with the same economic value as the relevant stock compensation.

The transactions under the performance-linked stock compensation scheme are equity-settled involving the distribution of the Company's common shares or cash-settled in the form of cash distribution. The former is accounted for as equity-settled share-based payments, and the latter as cash-settled share-based payments.

(ii) Number and fair value of shares granted during the period

Not applicable.

(4) Impact of share-based payment transactions on the Group's profit or loss and financial position

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
(i) Cash-settled share-based payments		
Cost of sales	2	3
Selling, general and administrative expenses	261	643
Other current liabilities	–	899
Other non-current liabilities	419	174
(ii) Equity-settled share-based payments		
Cost of sales	7	8
Selling, general and administrative expenses	526	1,079
Other expenses	1	–

The intrinsic value associated with (i) cash-settled share-based payments vested at the end of the period during the fiscal years ended December 31, 2024 and 2025 was ¥88 million and ¥160 million, respectively.

28. Revenue

(1) Disaggregation of revenue

As stated in “6. Operating segments,” the Group has five reportable segments: Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery. The relation between the revenue disaggregated by business and revenue from each reportable segment is as follows. The amount of revenue recognized from other sources was not material.

(Millions of yen)

Reportable segments	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Building Service & Industrial	238,182	241,938
Energy	210,434	217,845
Infrastructure	51,118	57,143
Environmental Solutions	87,438	97,864
Precision Machinery	278,378	342,267
Others	1,115	1,225
Total	866,668	958,285

Note: Above amounts are exclusive of intra-group transactions.

(2) Contract balance

The balance of receivables from contracts with customers, contract assets, contract liabilities, and refund liabilities is as follows:

(Millions of yen)

	As of January 1, 2024	As of December 31, 2024	As of December 31, 2025
Receivables from contracts with customers	160,280	167,850	207,582
Contract assets	99,901	116,792	119,684
Contract liabilities	92,918	108,778	82,498
Refund liabilities	55	21	73

Consideration for receivables from contracts with customers is mostly received within one year after fulfilling obligations in accordance with payment conditions set forth separately. Receivables from contracts with customers are recognized in “Trade and other receivables” on the consolidated statement of financial position.

Contract assets consist primarily of the rights to receive consideration in exchange for the fulfilled portion of contractual obligations, which is measured based on the progress of such obligations at the end of the reporting period for construction contracts, excluding receivables. The Group’s rights to the consideration are transferred to receivables when they become unconditional, requiring only the passage of time before the consideration is due and payable.

Impairment losses recognized on receivables from contracts with customers and contract assets during the fiscal years ended December 31, 2024 and 2025 were ¥416 million and ¥2,113 million, respectively.

Contract liabilities are recognized primarily for the portion for which consideration has been received from the customer, but the performance obligation has not been satisfied. Contract liabilities increase when the Company receives consideration from customers before the transfer of goods or services and decrease when performance obligations have been fulfilled.

Of the revenue recognized during the fiscal years ended December 31, 2024 and 2025, the amounts included in the beginning balances of contract liabilities were ¥76,973 million and ¥90,052 million, respectively.

The amount of variable consideration is measured against discounts, late charges to the extent that it is highly probable that no significant reversals of cumulative amount of revenue recognized will occur, using all reasonably available information to estimate the amount of consideration.

The amount of revenue recognized from performance obligations satisfied in prior periods was not material.

(3) Transaction prices allocated to remaining performance obligations

Transaction prices allocated to unsatisfied performance obligations are as follows. There are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Millions of yen)

Reportable segments	As of December 31, 2024	As of December 31, 2025
Building Service & Industrial	68,716	75,789
Energy	239,038	213,790
Infrastructure	76,949	83,453
Environmental Solutions	344,418	384,675
Precision Machinery	187,937	151,591
Others	137	2,719
Total	917,198	912,020

These transactions mainly fall under long-term comprehensive contracts for custom pumps as well as compressors and turbines in the Building Service & Industrial, Energy, and Infrastructure, as well as such contracts in the Environmental Solutions segment, and most of them are related to construction contracts that satisfy performance obligations over a long period of time exceeding one year. Unsatisfied performance obligations in each reportable segment are largely expected to be completed and recognized as revenue within the following periods from the end of each fiscal year.

Building Service & Industrial, Energy, and Infrastructure: within 3 years

Environmental Solutions: within 20 years

Precision Machinery: within 1 year

(4) Assets recognized from costs incurred to obtain or fulfill a contract

Of the incremental costs incurred to obtain contracts with customers and the costs to fulfill contracts related directly to the contracts, the Group recognizes the portion that it believes is collectible as assets and records such portion as other assets in the consolidated statement of financial position. The incremental costs incurred to obtain contracts refer to the costs that the Group has incurred to obtain contracts with customers but would not have incurred if the contract had not been obtained.

The incremental costs incurred to obtain contracts capitalized at the Group are primarily sales commissions paid to distributors to acquire sales contracts. The costs incurred to fulfill contracts are primarily bid preparation expenses and expenses required for development and research activities prior to a public announcement. If the amortization period of the asset to be recognized is one year or less, the incremental cost of obtaining contracts is expensed as incurred, using the practical expedient.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets recognized from costs incurred to obtain contracts	121	48
Assets recognized from costs incurred to fulfill contracts	–	–
Total	121	48

These assets are amortized based on the pattern of transfer to customers of goods and services related to applicable construction contracts. The amounts of amortization attributable to assets recognized from the contract costs during the fiscal years ended December 31, 2024 and 2025 were ¥132 million and ¥116 million, respectively.

29. Selling, general, and administrative expenses

The components of selling, general, and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Personnel expenses	73,741	77,621
R&D expenses	20,524	23,233
Packing and transportation costs	7,632	7,285
Depreciation and amortization	12,973	15,134
Outsourcing expenses	16,771	17,563
Other expenses	51,558	57,054
Total	183,201	197,892

30. Other income and expenses

The components of other income and expenses are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Other income		
Gain on disposal of non-current assets	1,245	136
Government grants	977	881
Others	1,862	2,866
Total	4,085	3,884
Other expenses		
Loss on disposal of non-current assets	976	1,348
Impairment losses	7,220	1,435
Extra retirement payments	538	75
Others	1,163	1,274
Total	9,899	4,134

31. R&D expenses

The R&D expenses recognized during the fiscal years ended December 31, 2024 and 2025 were ¥20,524 million and ¥23,233 million, respectively.

32. Finance income and finance costs

The components of finance income are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest income		
Financial assets measured at amortized cost	1,696	2,163
Dividend income		
Financial assets measured at fair value through other comprehensive income	7	7
Foreign exchange gain	402	467
Gain on net monetary position	1,642	–
Others		
Financial assets measured at fair value through profit or loss	21	13
Others	127	212
Total	3,897	2,864

The components of finance costs are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest expenses		
Financial liabilities measured at amortized cost	3,431	3,602
Lease liabilities	322	419
Loss on net monetary position	–	2,297
Others		
Financial assets measured at fair value through profit or loss	70	44
Others	360	404
Total	4,185	6,769

33. Earnings per share

(1) Basic earnings per share are calculated as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit attributable to owners of parent (Millions of yen)	71,401	76,633
Weighted-average number of common shares outstanding during the period (Thousands of shares)	461,796	460,791
Basic earnings per share (Yen)	154.62	166.31

Note: The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Basic earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Diluted earnings per share are calculated as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit attributable to owners of parent (Millions of yen)	71,401	76,633
Adjustment to profit (Millions of yen)	–	–
Profit used to calculate diluted earnings per share (Millions of yen)	71,401	76,633
Weighted-average number of common shares outstanding during the period (Thousands of shares)	461,796	460,791
Number of shares adjusted for stock options (Thousands of shares)	548	440
Average number of diluted common shares during the period (Thousands of shares)	462,345	461,232
Diluted earnings per share (Yen)	154.43	166.15

Notes 1. No shares were excluded from the calculation of average number of diluted common shares during the period for their anti-dilutive effect.

2. The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Diluted earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

34. Other comprehensive income

The amounts of reclassification adjustments and tax effects relating to other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans		
Amount arising during the period	(513)	(1,359)
Before tax effect adjustment	(513)	(1,359)
Tax effect	173	460
After tax effect adjustment	(339)	(899)
Net change in financial assets measured at fair value through other comprehensive income		
Amount arising during the period	(122)	(1,234)
Before tax effect adjustment	(122)	(1,234)
Tax effect	37	110
After tax effect adjustment	(85)	(1,123)
Share of other comprehensive income of investments accounted for using equity method		
Amount arising during the period	(145)	(56)
Items that may be reclassified to profit or loss		
Cash flow hedges		
Amount arising during the period	(377)	401
Reclassification adjustments	(0)	(67)
Before tax effect adjustment	(377)	334
Tax effect	115	(101)
After tax effect adjustment	(262)	232
Exchange differences on translation of foreign operations		
Amount arising during the period	15,950	7,905
Total other comprehensive income	15,116	6,058

35. Financial instruments

(1) Capital management

The Group manages its capital to maximize its corporate value through sustainable growth. The key indicators used by the Group in capital management are Return on Invested Capital (ROIC), Return on Equity (ROE), and Debt-to-Equity ratio.

	As of December 31, 2024	As of December 31, 2025
ROIC (Note 1)	12.2%	11.9%
ROE (Note 2)	16.2%	15.6%
Debt-to-equity ratio	0.32x	0.44x

Notes: 1. ROIC = NOPLAT (Net operating profit less adjusted taxes) / (Invested capital)

Invested capital = Interest-bearing debt (the average of beginning and ending balances) + Equity attributable to owners of the parent (the average of beginning and ending balances)

2. ROE = Profit attributable to owners of parent / Equity attributable to owners of the parent (the average of beginning and ending balances)

(2) Management of financial risks

The Group is exposed to financial risks (credit risk, liquidity risk, and market risk) that may arise in the course of its business activities. In order to avoid or mitigate such financial risks, we manage risks in accordance with certain policies. In addition, the Group's policy is to use derivatives to avoid risk and not for speculative purposes.

(i) Management of credit risk

The Group's trade receivables are exposed to customer credit risk. In order to mitigate such risk, the Company and its consolidated subsidiaries follow their internal regulations, regularly monitor the conditions of principal counterparties, and manage the collection status and balances by counterparty to early identify and mitigate collectability concerns due to a decline in their financial condition. The Group secures collateral for transactions with some of the counterparties.

The Group manages credit risk so that it is not excessively concentrated on a specific counterparty.

The maximum exposure to credit risks on the balance sheet date is the carrying amount of each financial asset after impairment. The respective amount on each reporting date is as follows:

(Exposure to credit risk)

(Millions of yen)

	Financial assets measured at 12-month expected credit losses	Financial assets measured at an amount equal to lifetime expected credit losses			Total
		Financial assets whose credit risk has increased significantly	Credit impaired financial assets	Financial assets always measured at an amount equal to lifetime expected credit losses	
As of December 31, 2024	4,991	–	4,282	288,303	297,578
As of December 31, 2025	4,175	–	4,270	332,838	341,283

The outstanding guarantee obligation is as stated in "40. Contingency" is the Group's maximum exposure to credit risks.

The changes in the Group's allowance for doubtful accounts are as follows. In the event of impairment of trade and other receivables, the Group records allowance for doubtful accounts without directly reducing the carrying amount.

(Millions of yen)

Allowance for doubtful accounts	Financial assets measured at 12-month expected credit losses	Financial assets measured at an amount equal to lifetime expected credit losses			Total
		Financial assets whose credit risk has increased significantly	Credit impaired financial assets	Financial assets always measured at an amount equal to lifetime expected credit losses	
As of January 1, 2024	310	–	4,016	2,770	7,097
Increase during the period	34	–	223	636	895
Decrease during the period (used for intended purpose)	(70)	–	(1)	(231)	(303)
Decrease during the period (reversal of provisions)	(0)	–	(237)	(291)	(529)
Others	1	–	278	173	453
As of December 31, 2024	275	–	4,280	3,057	7,613
Increase during the period	119	–	258	2,078	2,456
Decrease during the period (used for intended purpose)	(14)	–	(3)	(168)	(187)
Decrease during the period (reversal of provisions)	(5)	–	(271)	(439)	(716)
Others	11	–	(13)	282	280
As of December 31, 2025	386	–	4,250	4,810	9,447

During the fiscal years ended December 31, 2024 and 2025, no significant changes in the total carrying amount of financial assets could affect the change in allowance for doubtful accounts.

(ii) Management of liquidity risk

The Group manages liquidity risk, which is the risk of default in fulfilling obligations under financial liabilities by cash or other financial assets, by having the Company's finance division prepare and update cash flow plans based on reports from each department as well as maintaining an adequate scale of liquidity on hand in accordance with the status of its business. In addition, we secure alternative liquidity by entering into commitment line contracts to address unforeseen events such as financial risks, and overdraft contracts to address fluctuations in cash on hand mainly due to seasonal factors. To improve the efficiency of funds in the Group, the Group operates a cash management system (CMS) to concentrate funds in the Company.

The balances of major financial liabilities as of December 31, 2024 and 2025 by the due date are as shown below. Contractual cash flows are undiscounted cash flows, including interest expenses.

(Millions of yen)

Fiscal year ended December 31, 2024	Carrying amount	Total contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Non-derivative financial liabilities					
Trade and other payables	167,452	167,452	167,452	–	–
Bonds and borrowings	128,810	131,944	50,608	50,141	31,194
Lease liabilities	21,622	23,121	8,090	11,475	3,554
Others	840	840	717	123	–
Total	318,726	323,358	226,869	61,740	34,749
Derivative financial liabilities					
Derivatives	1,137	1,137	1,137	–	–
Total	1,137	1,137	1,137	–	–

(Millions of yen)

Fiscal year ended December 31, 2025	Carrying amount	Total contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Non-derivative financial liabilities					
Trade and other payables	148,175	148,175	148,175	–	–
Bonds and borrowings	201,350	204,304	125,237	68,127	10,939
Lease liabilities	23,386	24,546	8,347	11,661	4,537
Others	837	837	765	72	–
Total	373,749	377,863	282,524	79,861	15,476
Derivative financial liabilities					
Derivatives	355	355	355	–	–
Total	355	355	355	–	–

The line of credit held by the Group is as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Lines of credit	85,000	155,000
Used	—	(70,000)
Unused balance	85,000	85,000

(iii) Management of market risk

i) Foreign exchange risk

The Group operates business globally, and the resulting trade receivables and payables denominated in foreign currencies are exposed to foreign exchange risk. The Group principally enters into derivative transactions, such as forward exchange contracts, to hedge the net position of trade receivables and payables denominated in foreign currencies.

The Group, including its consolidated subsidiaries, engages in and manages derivative transactions in accordance with its internal rules on the management of financial instruments.

(Exposure to foreign exchange risk)

The Group's exposure to foreign exchange risks (net amount) is as follows: The amounts for which foreign exchange risks are hedged using derivatives are excluded.

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
USD	10,944	15,293
EUR	8,914	11,497
CNY	4,633	1,724

(Sensitivity analysis of foreign exchange risk)

Regarding foreign-currency-denominated financial instruments held by the Group as of December 31, 2024 and 2025, the impact of a 10% appreciation in the Japanese yen on profit in the consolidated statement of income is as follows.

These amounts do not reflect the impact of the translation into Japanese yen of functional currency-denominated financial instruments, or assets and liabilities and revenue and expenses of foreign operations. This analysis assumes that all the other variables are constant.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
USD	(895)	(1,200)
EUR	(628)	(808)
CNY	(341)	(141)

ii) Interest-rate risk

The Group's interest-bearing debts that have floating interest rates are exposed to interest-rate risk. To mitigate the interest-rate risk, the Group balances the fixed and floating interest rates of borrowings appropriately and uses derivatives such as interest-rate swaps as necessary.

(Exposure to interest-rate risk)

The Group's exposure to interest-rate risk is as shown below. The amounts for which interest-rate risks are hedged using derivatives are excluded.

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Borrowings with variable interest rates	21,326	73,387

(Sensitivity analysis of interest-rate fluctuation risk)

Regarding financial instruments held by the Group as of December 31, 2024 and 2025, the impact of a 1% increase in the interest rate on profit in the consolidated statement of income is as shown below.

In the sensitivity analysis, the net year-end balance of financial instruments exposed to interest-rate fluctuations is multiplied by 1% to calculate the impact. Financial instruments whose interest rates are virtually fixed through interest swap contracts are excluded. This analysis assumes that all the other variables are constant.

	(Millions of yen)	
	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit after tax	(152)	(505)

iii) Stock price fluctuation risk

Equity instruments held by the Group are principally shares in business partners and are exposed to market price fluctuation risk. For equity instruments, the Group regularly confirms the market prices and the financial condition of the issuers (counterparties) and constantly reviews the rationale of holding them based on the relationship with the counterparty.

There was no material stock price fluctuation risk for the fiscal years ended December 31, 2024 and 2025.

(3) Fair value of financial instruments

(i) Carrying amount and fair value of financial instruments

(Millions of yen)

	As of December 31, 2024		As of December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost				
Cash and cash equivalents	171,031	171,031	143,485	143,485
Trade and other receivables	170,282	170,193	209,180	209,014
Other financial assets	6,271	5,842	5,716	5,094
Financial assets measured at fair value through other comprehensive income				
Other financial assets	2,766	2,766	1,853	1,853
Financial assets measured at fair value through profit or loss				
Other financial assets (membership rights)	255	255	262	262
Other financial assets (investment in limited partnerships)	420	420	394	394
Other financial assets (derivatives)	69	69	441	441
Total	351,096	350,578	361,333	360,545
Financial liabilities measured at amortized cost				
Trade and other payables	167,452	167,452	148,175	148,175
Bonds and borrowings	128,810	126,264	201,350	197,606
Other financial liabilities	374	371	699	696
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities (derivatives)	1,137	1,137	355	355
Other financial liabilities (contingent considerations)	466	466	137	137
Total	298,241	295,692	350,718	346,972

Lease liabilities are not included in the table above as the disclosure of their fair values is not required under IFRS 7 “Financial Instruments: Disclosures.”

(ii) Classification of financial instruments according to fair value hierarchy

Financial instruments measured at fair value are classified into one of the following three levels based on the observability of inputs used in the valuation.

Level 1: Fair values measured at quoted prices in active markets for identical assets and liabilities

Level 2: Fair values measured using inputs other than those included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair values measured using inputs not based on observable market data for the assets or liabilities

Reclassifications among the levels of the fair value hierarchy are recognized at the end of each fiscal year. There were no material reclassifications among Levels 1, 2, and 3 during the fiscal years ended December 31, 2024 and 2025.

(iii) Financial instruments measured at amortized cost

Methods of measuring major financial instruments at amortized cost are as follows:

i) Cash and cash equivalents

Because these items are settled within short periods, their carrying amounts approximate their fair values.

ii) Trade receivables

Trade receivables are categorized into certain periods and discounted per item, taking into account the period to maturity and credit risk.

iii) Other receivables, and trade and other payables

Because these items are settled within short periods, their carrying amounts approximate their fair values.

iv) Other financial assets and other financial liabilities

The fair values of non-current items are calculated by estimating their future cash flows and discounting them to their present value using a discount rate that takes credit risk into account. Because current items are settled within short periods, their carrying amounts approximate their fair values.

v) Bonds and borrowings

The fair values of bonds and long-term borrowings with a contract term of over one year are calculated based on the present value, which is the total amount of principal and interest discounted at an assumed interest rate for a similar new borrowing.

For the fair value hierarchy of financial instruments measured at amortized cost, bonds and borrowings are classified as Level 2, and other financial assets and liabilities are classified primarily as Level 3. The fair values relating to the financial instruments classified as Level 3 are measured in accordance with relevant internal rules. In measuring fair values, valuation techniques and inputs that most appropriately reflect the nature, characteristics, and risks of the financial instruments to be measured are adopted.

(iv) Financial instruments measured at fair value

The methods for measuring major financial instruments at fair value are as follows:

i) Shares

Shares are included in other financial assets and are classified as equity instruments measured at fair value through other comprehensive income. As for shares, those classified as Level 1 are listed shares traded in active markets and are valued at the quoted prices on the securities exchange. Shares classified as Level 2 are unlisted shares and are valued using observable market data. Those classified as Level 3 are unlisted shares measured mainly using the valuation model based on net assets (a method to measure corporate value based on the net assets of the issuer adjusted as necessary arising from market value evaluation) or using fair values based on recently obtained appraisal reports by external appraisers (use of transaction approach and other methods).

ii) Membership rights

Membership rights are included in other financial assets and are classified as financial assets measured at fair value through profit or loss. Their fair values are mainly based on quoted market prices.

iii) Investment in limited partnerships

Investments in limited partnerships are included in other financial assets and are calculated based on the amount equivalent to the interests in partnership assets.

iv) Derivative assets and liabilities

Derivative assets and derivative liabilities are included in other financial assets and other financial liabilities, respectively, and are classified as financial assets and liabilities measured at fair value through profit or loss. Derivatives are mainly transactions related to forward exchange contracts and interest rate swaps, and their fair values are calculated based on observable market data presented by counterparty financial institutions.

v) Contingent considerations

Contingent considerations are included in other financial liabilities and are classified as financial liabilities measured at fair value through profit or loss. Their fair values are calculated by estimating the amount of considerations to be paid, taking into account future operating results and other relevant factors.

Fair value hierarchy of financial instruments measured at fair value is as follows:

As of December 31, 2024

(Millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets measured at fair value through other comprehensive income				
Other financial assets (shares)	201	–	2,565	2,766
Financial assets measured at fair value through profit or loss				
Other financial assets (membership rights)	–	255	–	255
Other financial assets (investment in limited partnerships)	–	–	420	420
Derivative assets	–	69	–	69
Total	201	324	2,985	3,511
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	1,137	–	1,137
Contingent considerations	–	–	466	466
Total	–	1,137	466	1,603

As of December 31, 2025

(Millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets measured at fair value through other comprehensive income				
Other financial assets (shares)	167	–	1,686	1,853
Financial assets measured at fair value through profit or loss				
Other financial assets (membership rights)	–	262	–	262
Other financial assets (investment in limited partnerships)	–	–	394	394
Derivative assets	–	441	–	441
Total	167	703	2,080	2,951
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	355	–	355
Contingent considerations	–	–	137	137
Total	–	355	137	492

The breakdown of changes in the value of financial instruments classified as Level 3 under the fair value hierarchy is as follows:

(Millions of yen)

Financial assets	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance at beginning of period	3,142	2,985
Gain or loss	(45)	(1,475)
Profit or loss (Note 1)	(68)	(25)
Other comprehensive income (Note 2)	22	(1,449)
Purchase	75	675
Sale	(235)	(78)
Exchange differences on translation of foreign operations	48	(25)
Balance at end of period	2,985	2,080

(Millions of yen)

Financial liabilities	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Balance at beginning of period	525	466
Gain or loss	29	(243)
Profit or loss (Note 1)	29	(243)
Payment	(110)	(122)
Exchange differences on translation of foreign operations	22	37
Balance at end of period	466	137

- Notes: 1. Gain or loss included in profit or loss is related to financial assets and financial liabilities measured at fair value through profit or loss and is recognized in “finance income” or “finance costs” in the consolidated statement of income.
2. Gain or loss included in other comprehensive income is related to financial assets measured at fair value through other comprehensive income and is recognized in “net change in financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Financial instruments classified as Level 3 consist mainly of unlisted shares. The fair values relating to the financial instruments classified as Level 3 are measured in accordance with relevant internal rules. In measuring fair values, valuation techniques and inputs that most appropriately reflect the nature, characteristics, and risks of the financial instruments to be measured are adopted. The fair values of unlisted shares are measured in accordance with the Group’s accounting policy by the Group’s departments in charge. The measured fair values are reported to superiors along with reasonable grounds for changes in the fair values and also to the management as necessary.

As for financial instruments classified as Level 3, changes in fair values that occur when unobservable inputs are changed to reasonably possible alternative assumptions are not material.

(4) Equity instruments measured at fair value through other comprehensive income

Equity instruments such as shares are held mainly to maintain and strengthen relations with the issuers over the medium to long term and are designated as equity instruments measured at fair value through other comprehensive income. Major investees of equity instruments and their fair values are as follows:

As of December 31, 2024		(Millions of yen)
Investee	Fair value	
Spiber Inc.	1,119	
Oishii Farm Corporation	471	
Osaka Vacuum, Ltd.	468	
Regional Fish Institute, Ltd.	228	
TOKYO CITY-DEVELOPMENT CO., LTD.	61	
AKTIO HOLDINGS Corporation	22	
Others	395	
Total	2,766	

As of December 31, 2025		(Millions of yen)
Investee	Fair value	
Japan Suiso Energy, Ltd.	500	
Osaka Vacuum, Ltd.	476	
Regional Fish Institute, Ltd.	252	
ADD Co., Ltd.	100	
Oishii Farm Corporation	96	
AKTIO HOLDINGS Corporation	22	
Others	405	
Total	1,853	

Equity instruments are sold as needed based on the review of their fair values (e.g., market prices) and business necessity. Cumulative gains or losses recognized during the period are reclassified from other components of equity to retained earnings through their sale. The sum of fair values of equity instruments as of the sale during the period as well as the sum of cumulative gains or losses from the sale, are as follows:

(Millions of yen)			
Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
Fair value	Cumulative gains or losses	Fair value	Cumulative gains or losses
17	(218)	75	(2)

When the Group disposes of its investments or when the fair values of its investments significantly decline, cumulative gains or losses (net of tax) in the financial assets measured at fair value through other comprehensive income, which were recognized in other components of equity, are reclassified from other components of equity to retained earnings. Such amounts during the fiscal years ended December 31, 2024 and 2025 were ¥(157) million and ¥(1,037) million, respectively.

Dividend income recognized from equity instruments is as follows:

(Millions of yen)			
Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
Equity instruments derecognized during the period	Equity instruments held as of the end of the period	Equity instruments derecognized during the period	Equity instruments held as of the end of the period
0	7	4	3

(5) Derivatives and hedge accounting

Hedge accounting adopted by the Group in managing risks is described in “(2) Management of financial risks.”

(Cash flow hedges)

Cash flow hedges refer to hedges against future risks of fluctuations in cash flows. Changes in the fair values of derivative transactions, designated as cash flow hedges, are recognized in other comprehensive income. In the event hedged transactions affect profit or loss, the amount recognized in other components of equity is reclassified to profit or loss.

Derivatives designated as cash flow hedges include forward exchange contracts to hedge foreign exchange fluctuation risks of receivables and payables denominated in foreign currencies.

In applying the hedge accounting, to confirm an economic relationship in which changes in the cash flows of the hedged item attributable to the hedged risk are offset by the hedging instrument, the Group, in principle, confirms an economic relationship between the hedged item and the hedging instrument through a qualitative assessment as to whether the critical terms of the hedged item and the hedging instrument are consistent and a quantitative assessment as to whether changes in the value of the hedging instrument offset changes in the value of the hedged item when such changes arise from identical risks. Since the Company uses highly effective hedges, it is generally assumed that an ineffective portion of hedges will not occur.

An appropriate hedge ratio (basically 1:1) based on the quantities of hedge items and hedging instruments is set at the commencement of a hedging relationship.

The fair values of hedging instruments as of December 31, 2024 and 2025 are as follows: On the consolidated statement of financial position, the fair values of assets relating to hedging instruments are included in other financial assets, and the fair values of liabilities relating to hedging instruments are included in other financial liabilities.

(Millions of yen)

As of December 31, 2024	Notional principal	Average rate	Due within one year	Due after one year	Assets	Liabilities
Forward exchange contracts						
EUR	937	JPY160.9 /EUR	937	–	–	14
JPY	–	–	–	–	–	–
GBP	–	–	–	–	–	–
USD	6,213	JPY146.78 /USD	6,213	–	–	383

(Millions of yen)

As of December 31, 2025	Notional principal	Average rate	Due within one year	Due after one year	Assets	Liabilities
Forward exchange contracts						
EUR	223	JPY160.31 /EUR	223	–	–	32
JPY	–	–	–	–	–	–
GBP	–	–	–	–	–	–
USD	1,346	JPY144.06 /USD	1,346	–	–	97

The Group's hedging activities are designed to cover the entire hedged items and, therefore, do not include any hedging transaction that hedges only part of the risk components.

As the amount of the ineffective portion of hedges recognized in profit or loss is not material, descriptions about changes in the fair value of a hedging instrument, which is used as a basis for identifying the ineffective hedge portion, are omitted.

Other than the above, the fair values of derivative assets and liabilities not designated as hedging instruments are as follows:

(Millions of yen)

	As of December 31, 2024		As of December 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	69	465	441	35
Non-deliverable forward (NDF) contracts	–	267	–	36
Commodity derivative contracts	–	–	–	144
Interest rate swap contracts	–	5	–	7

Cash flow hedge reserve as of December 31, 2024 and 2025 are as follows. There are no cash flow hedge reserve arising from hedging relationships for which hedge accounting had been discontinued.

(Millions of yen)

Type of risks	As of December 31, 2024	As of December 31, 2025
Foreign exchange risk	(268)	(36)

As the amount of the ineffective portion of hedges recognized in profit or loss is not material, descriptions about changes in the fair value of a hedging instrument, which is used as a basis for identifying the ineffective hedge portion, are omitted.

The effects of the hedging instruments designated as cash flow hedges in the consolidated statement of income and the consolidated statement of comprehensive income in the fiscal years ended December 31, 2024 and 2025 are as follows:

The amount of the ineffective portion of hedges recognized in profit or loss during each fiscal year was not material.

(Millions of yen)

Type of risks	Main components of reclassification adjustments presented on the consolidated statement of income	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
		Other comprehensive income	Reclassification adjustments from other comprehensive income to profit or loss	Other comprehensive income	Reclassification adjustments from other comprehensive income to profit or loss
Foreign exchange risk	Finance income and finance costs	(262)	(0)	279	(46)

36. Changes in liabilities related to financing activities

The changes in liabilities related to financing activities are as follows:

(Millions of yen)

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total
As of January 1, 2024	23,621	71,138	30,000	20,489	145,249
Changes involving cash flows	(8,054)	(895)	10,000	(6,571)	(5,521)
Changes that do not involve cash flows					
New leases	–	–	–	5,718	5,718
Exchange differences on translation	1,259	1,702	–	407	3,369
Other changes	38	0	–	1,578	1,616
As of December 31, 2024	16,864	71,945	40,000	21,622	150,433
Changes involving cash flows	66,546	22,115	(15,000)	(6,523)	67,138
Changes that do not involve cash flows					
New leases	–	–	–	7,876	7,876
Exchange differences on translation	677	(1,802)	–	615	(509)
Other changes	9	(8)	–	(204)	(202)
As of December 31, 2025	84,098	92,251	25,000	23,386	224,736

37. Related party transactions

(1) Related party transactions

Fiscal year ended December 31, 2024

Not applicable.

Fiscal year ended December 31, 2025

Not applicable.

(2) Compensation for key management personnel

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Basic compensation and short-term performance-linked compensation	689	780
Share-based compensation	409	922
Total	1,098	1,703

38. Commitment

Material commitments related to expenditures made on and after the closing dates are as follows:

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Acquisition of property, plant and equipment	26,211	15,182
Total	26,211	15,182

39. Collaterals

Assets pledged as collateral and corresponding liabilities are as follows:

Assets pledged as collateral

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Buildings and structures	1,215	1,123
Others	1,277	1,279
Total	2,493	2,403

Liabilities corresponding to the above

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Short-term borrowings	–	–
Long-term borrowings	–	–
Total	–	–

40. Contingency

The Group provides guarantees on loans for employee housing and bank loans of The Ebara Hatakeyama Memorial Foundation (a public interest incorporated foundation). The balance of loan guarantees for each fiscal year is as follows:

	(Millions of yen)	
	As of December 31, 2024	As of December 31, 2025
Loans guaranteed to employees for housing	7	5
Loans guaranteed to The Ebara Hatakeyama Memorial Foundation (a public interest incorporated foundation)	2,825	2,354
Total	2,832	2,359

Loans guaranteed to employees for housing

The Group provides guarantees of bank loans for employee housing. If the debtor is unable to repay the loan that the Group guarantees, the Group is required to bear such amount. Some guaranteed loans are secured by the assets of the debtor.

Loans guaranteed to The Ebara Hatakeyama Memorial Foundation (a public interest incorporated foundation)

The Group guarantees bank loans for The Ebara Hatakeyama Memorial Foundation (a public interest-incorporated foundation). If the debtor is unable to repay the loan the Group guarantees, the Group is required to bear such amount. Some guaranteed loans are secured by the assets of the debtor.

Progress of dispute regarding fire accident at bulky waste treatment facility at the Gifu City Eastern Clean Center

On October 23, 2015, a fire broke out at the bulky waste treatment facility at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, when Ebara Environmental Plant Co., Ltd. (hereinafter “EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. EEP is responsible for operating and managing a waste incinerating facility that is located adjacent to the bulky waste treatment facility where the fire occurred.

Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019, claiming compensation for damages of ¥4,362 million and late charges for such compensation. Afterward, Gifu City amended its compensation claim amount for damages to ¥4,474 million and late charges for such compensation on July 22, 2019 (received on July 25, 2019). On July 17, 2020, the amount of the compensation claim for damages was amended to ¥4,582 million, and late charges for such compensation (received on July 20, 2020), and on August 10, 2021, the compensation claim for damages was amended to ¥4,692 million and late charges for such compensation (received on August 25, 2021).

On May 31, 2023, the Gifu District Court rendered a judgment ordering EEP to pay ¥748 million and late charges at the rate of 5% per annum from October 23, 2015 until the payment has been made, and judgment rejecting Gifu City’s remaining claims. On June 12, 2023, EEP filed an appeal to the Nagoya High Court against the part of the judgment that allowed the claim of Gifu City and the part that did not allow the claim of EEP, and the case was heard at the same court. On May 17, 2024, the court rendered a judgment revising the initial ruling as follows: 1. EEP shall pay Gifu City ¥605 million and late charges at a rate of 5% per annum from October 23, 2015, until the payment has been made; 2. Regarding the interim bulky waste treatment costs, which were subject to a separate claim filed by EEP and heard together with the above case, the court revised the initial ruling that had dismissed the claim and ordered Gifu City to pay EEP ¥122 million and late charges at a rate of 6% per annum from May 19, 2018, until the payment has been made. After carefully reviewing the judgment, EEP accepted the ruling of the appeal court and decided not to file a petition for a final appeal or a petition for acceptance of final appeal. However, EEP received a notification that Gifu City had filed a petition for a final appeal and a petition for acceptance of final appeal.

In accordance with the judgment, EEP recorded ¥836 million as a Provision for loss on litigation in the consolidated financial statements for the fiscal year ended December 31, 2024, representing the damages and late charges payable to Gifu City. Additionally, considering the insurance coverage applicable to this case, the Company recorded an equivalent amount under other non-current assets, recognizing anticipated insurance recoveries. The impact of this lawsuit on the Group’s consolidated financial results is deemed immaterial.

Progress of dispute regarding fire accident at Naphtachimie ethylene plant in France

On December 22, 2012, a fire broke out at the Naphtachimie ethylene plant in France, shortly after an overhaul of the plant had been completed. At the time of the accident, Naphtachimie, the operator of the plant, was a joint venture between Total Refining Chemicals and INEOS. Elliott Turbomachinery S.A., a subsidiary of Elliott Company, which is a consolidated subsidiary of the Company, conducted overhaul work on a compressor installed at the plant.

Following the fire, Naphtachimie, Total Refining Chemicals, INEOS, their group companies, and their insurance companies filed a lawsuit in France against multiple contractors involved in the overhaul work, including Elliott Turbomachinery S.A., Elliott Company, and its subsidiary Elliott Turbomachinery Ltd. (hereinafter collectively referred to as the “Elliott Entities”), seeking compensation for damages caused by the fire.

The Elliott Entities have denied any liability in the lawsuit. A non-binding expert report on the technical aspects and the estimated damages was submitted by court-appointed experts, but the Elliott Entities are contesting its contents in the litigation process. Following the submission of the report, litigation procedures are progressing according to the established schedule. However, at this time, it is difficult to make a reasonable estimate of potential losses, and therefore, no provisions have been recorded.

Progress of dispute regarding alleged breach of non-compete obligation in India

On January 31, 2025, Kirloskar Brothers Limited (hereinafter, “KBL”) and Kirloskar Ebara Pumps Limited (hereinafter, “KEPL”), which was established as a joint venture between the Company and KBL, filed an arbitration claim against the Company and its two subsidiaries in India, Ebara Machinery India Private Limited and Elliott Ebara Turbomachinery India Private Limited. The claim alleges that the Company’s business activities in India violate the non-compete obligations stipulated in the joint venture agreement between the Company and KBL regarding KEPL. The arbitration claim seeks damages arising from the alleged violation, an injunction against the Company’s business activities in India, and other relief. At this time, it is difficult to make a reasonable estimate of potential losses, and therefore, no provisions have been recorded.

41. Hyperinflation adjustment

In accordance with the requirements of IAS 29, the Group includes the financial statements of its subsidiary in a hyperinflationary economy in the Group's consolidated financial statements upon restatement in the measuring unit current at the end of the reporting period.

Among them, the Group uses the conversion coefficients calculated from the Turkish consumer price index announced by the Turkish Statistical Institute to restate the financial statements of its Turkish subsidiary.

The Turkish consumer price index and conversion coefficient corresponding to each reporting date are as follows:

Reporting date	Consumer price index (Note)	Conversion coefficient
December 31, 2024	2,685	131
March 31, 2025	2,955	119
June 30, 2025	3,132	112
September 30, 2025	3,367	104
December 31, 2025	3,514	100

Note: The reference period in which the consumer price index was 100 was 2003.

At the subsidiary in a hyperinflationary economy, non-monetary items such as goodwill and intangible assets carried at cost are restated using the conversion coefficient on the acquisition date. Monetary and non-monetary items stated at current cost are thought to be presented in the measuring unit current at the end of the reporting period and thus are not restated.

The financial statements of the subsidiary in a hyperinflationary economy are translated at the spot exchange rate prevailing on the balance sheet date and reflected in the Group's consolidated financial statements.

The impact of restating and translating the non-monetary items at the spot exchange rates is presented in exchange differences in the translation of foreign operations through other comprehensive income. Additionally, the impact of inflation associated with the net monetary position is presented as finance income or finance costs.

The consolidated financial statements of the fiscal year subject to comparison are not restated and presented in accordance with Paragraph 42 (b) of IAS 21, The Effects of Changes in Foreign Exchange Rates.

42. Additional information

Business acquisition

At a meeting of the Board of Directors held on November 11, 2025, the Company resolved to acquire a part of the business of Mitsubishi Electric Corporation ("Mitsubishi Electric") and a part of the business of one of its subsidiaries. On November 12, 2025, the Company reached the business transfer agreement with both companies.

Overview of the acquisition

(1) Acquiring entity

A newly established, wholly owned subsidiary of the Company

(2) Business to be acquired

1. Three-phase and IPM motor businesses operated by Mitsubishi Electric's Nagoya Works Shinshiro Factory
2. Industrial motor, pump, and die casting businesses operated by Mitsubishi Electric's Thai subsidiary, Mitsubishi Electric Automation (Thailand) Co., Ltd.

(3) Location of acquired facilities

1. Mitsubishi Electric Nagoya Works, Shinshiro Factory: 1-1 Torikage, Arumi, Shinshiro City, Aichi Prefecture, Japan
2. Mitsubishi Electric Automation (Thailand) Co., Ltd.: Bang-Chan Industrial Estate No.111 Soi Serithai 54, T. Kannayao, A. Kannayao, Bangkok 10230, Thailand

(4) Main reason for acquisition

The Company will acquire assets, including production facilities in Japan and Thailand for motors, crucial components of industrial machinery, as well as design and development capabilities and technical know-how. This will accelerate the Company's

growth in the global market and contribute to the realization of a decarbonized society by providing significant energy-saving solutions that integrate motor and rotation control technologies.

(5) Date of acquisition

During the fiscal year ending December 31, 2026 (planned)

(6) Legal form of acquisition

Acquisition of business for cash consideration

43. Subsequent events

1. Setting a limit for repurchasing treasury shares

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to set a share buyback limit to acquire treasury shares pursuant to Article 459, Paragraph 1 of the Companies Act and Article 38 of the Company's Articles of Incorporation.

(1) Reason for setting a limit for repurchasing treasury shares

In accordance with the policies of our medium-term management plan, we are setting a limit on share buybacks to return profits to shareholders and optimize our equity capital levels.

(2) Details of repurchase limit

(i) Type of shares to be repurchased

Common shares of the Company

(ii) Total number of shares that may be repurchased

3,000,000 shares (maximum)

(0.66% of outstanding shares, excluding treasury shares)

(iii) Aggregate repurchasing price

10 billion yen (maximum)

(iv) Period of repurchase

From February 16, 2026 to December 31, 2026

(v) Repurchase method

Market purchases based on the discretionary dealing contract regarding repurchase of common shares of the Company

2. Cancellation of treasury shares

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to cancel its treasury shares pursuant to Article 178 of the Companies Act, and carried out the cancellation on February 27, 2026.

(1) Type of shares to be canceled

Common shares of the Company

(2) Number of shares to be canceled

5,000,000 shares

(1.08% of outstanding shares, excluding treasury shares)

(3) Cancellation date

February 27, 2026

(2) Other information

(i) Interim results for the fiscal year ended December 31, 2025

(Cumulative period)		Interim	Fiscal year under review
Revenue	(Millions of yen)	448,768	958,285
Profit before tax	(Millions of yen)	46,132	110,977
Profit attributable to owners of parent	(Millions of yen)	31,341	76,633
Basic earnings per share	(Yen)	67.84	166.31

(ii) Information after the closing date

Not applicable.

(iii) Litigation

For more details, please refer to “40. Contingency.”

VI. Outline of Stock Administration of the Reporting Company

Fiscal year	From January 1 to December 31
Ordinary General Meeting of Shareholders	March
Record date	December 31
Record date of dividends of surplus	June 30 December 31
Number of shares constituting one unit	100 shares
Buyback or additional sale of shares of less than one unit	
Transfer agent	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department
Stock registry administrator	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Forwarding office	–
Share buyback or additional sale fees	Separately specified amount equivalent to share trading brokerage fees
Method of public notice	Electronic public notice is used; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nikkei (Nihon Keizai Shimbun) newspaper. https://www.ebara.com/global-en/
Shareholder benefits	None

Note: The Company's Articles of Incorporation stipulate that shareholders of the Company with shares of less than one unit may not exercise rights other than the right specified in each item of Article 189, Paragraph 2 of the Companies Act; the right to demand buyback of shares with put option held by such shareholders; the right to receive the allotment of shares for subscription and the allotment of subscription rights to shares in accordance with the number of shares they hold; and the right to demand additional sale of shares of less than one unit to make full shares.

VII. Reference Information of the Reporting Company

1. Information about Parent of Reporting Company

The Company has no parent company, etc.

2. Other Reference Information

The Company submitted the following documents during the period from the beginning of the current fiscal year to the date of submission of the Annual Securities Report.

(1) Annual securities report and documents attached thereto, and confirmation letter thereof	Fiscal year (160th)	(from January 1, 2024 to December 31, 2024)	March 27, 2025 Submitted to the Director of the Kanto Local Finance Bureau
(2) Correction Report of the annual securities report and confirmation letter thereof	Fiscal year (160th)	(from January 1, 2024 to December 31, 2024)	April 3, 2025 Submitted to the Director of the Kanto Local Finance Bureau
(3) Internal control report and documents attached thereto	Fiscal year (160th)	(from January 1, 2024 to December 31, 2024)	March 27, 2025 Submitted to the Director of the Kanto Local Finance Bureau
(4) Semi-annual securities report and confirmation letter thereof	(During the 161st fiscal year)	(from January 1, 2025 to June 30, 2025)	August 14, 2025 Submitted to the Director of the Kanto Local Finance Bureau
(5) Extraordinary report			
Extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs			March 27, 2025 Submitted to the Director of the Kanto Local Finance Bureau
Extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 (Issuance of new shares as restricted stock compensation) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs			April 8, 2025 Submitted to the Director of the Kanto Local Finance Bureau
Extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 4 (Change to major shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs			July 7, 2025 Submitted to the Director of the Kanto Local Finance Bureau

(6) Share buyback report

September 16, 2025
Submitted to the Director
of the Kanto Local Finance
Bureau

October 15, 2025
Submitted to the Director
of the Kanto Local
Finance Bureau

November 17, 2025
Submitted to the Director
of the Kanto Local
Finance Bureau

December 15, 2025
Submitted to the Director
of the Kanto Local
Finance Bureau

January 15, 2026
Submitted to the Director
of the Kanto Local
Finance Bureau

March 16, 2026
Submitted to the Director
of the Kanto Local Finance
Bureau

(7) Amended shelf registration statement

March 27, 2025
Submitted to the Director
of the Kanto Local Finance
Bureau

April 3, 2025
Submitted to the Director
of the Kanto Local Finance
Bureau

April 8, 2025
Submitted to the Director
of the Kanto Local Finance
Bureau

July 7, 2025
Submitted to the Director
of the Kanto Local Finance
Bureau

Part 2. Information on Reporting Company's Guarantor

Not applicable.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

March 23, 2026

To the Board of Directors of
EBARA CORPORATION :

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Takuya Sumita

Designated Engagement Partner,
Certified Public Accountant:

Akiko Fujiharu

Designated Engagement Partner,
Certified Public Accountant:

Osamu Hattori

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of EBARA CORPORATION and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from January 1, 2025 to December 31, 2025, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Management’s estimates of the total costs used for revenue recognition for long-term and large-scale construction contracts	
【Key Audit Matter Description】	
The Group operates the following businesses based on target market-based segments.	
Segment	Main Businesses
Building Service & Industrial	Manufacturing, sales and maintenance of standard pumps, freezer chillers and blowers used in building and industry equipment
Energy	Manufacturing, sales and maintenance of custom pumps, compressors, turbines, cryopumps, and expanders used in oil and gas, power facility and new energy
Infrastructure	Manufacturing, sales, operation and maintenance of agricultural pumps, drainage pumps, water and sewerage pumps and tunnel fans used in water infrastructure
Environmental Solutions	Engineering, construction, operation and maintenance of municipal waste processing plants and industrial waste incineration plants used in solid waste treatment
Precision Machinery	Manufacturing, sales and maintenance of vacuum pumps, CMP equipment, plating equipment and exhaust-gas treatment equipment used in semiconductor manufacturing
<p>Among the above segments, the Group enters into construction contracts with customers in “Building Service & Industrial,” “Energy,” “Infrastructure,” and “Environmental Solutions.”</p> <p>As described in Note 3, “Material Accounting Policies, (13) Revenue,” and Note 4, “Significant Accounting Estimates and Related Judgments,” for the aforementioned construction contracts, the Group recognizes revenue as the related performance obligations are satisfied over a period of time to reflect the transfer of control of the products or services to the customer. The Group estimates the percentage of completion using the following formula (input method) when the progress of satisfying the corresponding performance obligations can be reliably measured.</p> $\text{Percentage of completion} = \frac{\text{Actual costs incurred}}{\text{Estimated total costs}}$ <p>Work contents and specifications of the Group’s construction contracts vary by project. Therefore, estimating total costs requires certain assumptions and judgments made by project control managers with specialized knowledge and experience. There are some long-term and large-scale construction contracts especially for “Energy,” “Infrastructure,” and “Environmental Solutions.” For these construction contracts, contract modification, such as changes in specifications, construction delays, or fluctuations in the unit price of construction materials and labor cost, may subsequently cause changes in the estimated total costs.</p> <p>Due to such nature of construction contracts of the Group, the estimates of total costs for long-term and large-scale construction contracts, which serve as a basis for revenue recognition, are subject to a high degree of uncertainty and management judgments. Therefore, we identified management’s estimates of the total costs used for revenue recognition for long-term and large-scale construction contracts as a key audit matter.</p>	
【How the Key Audit Matter Was Addressed in the Audit】	
Our audit procedures related to the evaluation for the estimates of the total costs as a basis for revenue recognition in long-term and large-scale construction contracts included the following, among others:	
(1) Evaluation of internal controls	
We tested the design and operating effectiveness of the following internal controls of the Group in relation to estimates of the total costs:	
<ul style="list-style-type: none"> • Controls to ensure the reliability of a working budget (a budget prepared and approved for project cost management), used in estimating the total costs through the budgeting process performed by persons in charge of the project with specialized knowledge and approved by project control managers • Controls to ensure and approve the revisions of the estimated total costs were made in a timely manner based on changes in contract terms, project progress, and the actual cost incurred • Controls to conduct timely and appropriate monitoring of the profit and loss management and progress of the projects by the project control manager who was responsible for the reliability of costs 	

(2) Evaluation of the reasonableness of total cost estimates

We performed the following procedures over a sample of projects selected by considering the quantitative significance of contractual amount and revenue, the progress of constructions, construction period, and others.

- Inspected the contracts, working budgets, and construction management materials
- Inquired with the project control manager regarding contractual modification, status of constructions and actual costs incurred for projects, and whether the estimated total costs are to be revised
- Evaluated the reasonableness of the significant assumptions such as the unit price of construction materials and labor cost and construction period used in the estimate of total costs
- Matched underlying data of the estimate of total costs with the supporting documents
- Observed the construction sites or manufacturing sites, and inquired with site supervisors
- Compared the original estimates or revised estimates of total costs with the actual total costs

Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended December 31, 2025, which were charged by us and our network firms to EBARA CORPORATION and its subsidiaries are disclosed in "IV. Information about Reporting Company, 4. Corporate Governance, (3) Auditing Status" of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. Since the Internal Control Report is not included in the Annual Securities Report, the statements regarding the internal control audit included in the original independent auditor's report are not included in the translation.